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Management RECORD

Sept. 1960 • Vol. XXII • No. 9

- How to Correct Out-of-Line Pay Rates
- Factors in Corporate Manpower Planning
- The Payment of Employee Moving Expenses
- The Lithographers and Technological Change



NATIONAL INDUSTRIAL CONFERENCE BOARD, INC.

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Management Record

September, 1960

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Vol. XXII, No. 9

• In the Record •

Factors in Manpower Planning

Getting the men it needs when it needs them may be one of business' biggest problems in the next decade. In a long-term analysis of the availability of manpower resources, the Bureau of Labor Statistics reports several changes in the composition of the work force. For example, by 1970 the bureau's statisticians project only a relatively small increase among workers age twenty-five to thirty-four and an actual decline among workers age thirty-five to forty-four.

This raises the possibility of serious shortages of key personnel. In consequence, companies are becoming more concerned about the adequacy of their manpower planning techniques. In a survey of ten companies in various industries, THE CONFERENCE BOARD undertook an examination of some of these techniques. The article appearing on the next page discusses the results of the survey.

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Correcting Out-of-Line Rates of Pay

Salary inequities can arise from a number of circumstances—mergers, obsolete job evaluations, loose incentive standards, or the introduction of technological improvements. Where they exist, these inequities may present a serious morale problem, especially since employees are often as interested in comparing their pay with the next man as they are in the absolute amount of their own compensation.

Correcting the situation, however, is no easy task; an abrupt adjustment to standard may mean a hardship to the affected employee. Management has devised several gradual methods of restoring a fair rate structure. The article on page 10 discusses several of such gradual methods as well as a few crash approaches.

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Employees on the Move

Americans have always been a highly mobile people. In the postwar period corporate decentralization and expansion have accelerated this trend. As a matter of fact an examination of the records of long-distance movers some years ago revealed that between 40% and 50% of their clients were corporation people being transferred from one post to another. In recent years the tendency to recentral-

ize has once again served to keep many employees on the move.

When an employee has to relocate, to what extent does the company assume responsibility for paying his moving expenses? A Conference Board study published in 1956 made an exhaustive analysis of moving expense practices. The article on page 6 updates the findings of the 1956 report by examining the policy and procedure manuals of thirty-seven firms that have changed their practices since the Board's study was published.

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The Lithographers and Technological Change

To the trade union movement, automation is both a promise and a danger. At the present time we hear much about the danger and considerably less about the promise. Yet many unions believe that increases in labor productivity will enable their members to live better lives.

One such labor organization is the Amalgamated Lithographers of America. The ALA reports that its experiences with technological advance in recent years have been highly favorable. For an analysis of the factors behind the lithographers' attitude, see the article starting on page 14.

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Part-Time Working Mothers—A Case Study

If a stranger chanced to visit the offices of a certain insurance company in Des Moines, Iowa, during the evening, he might be somewhat shocked to see a group of women in hairnets, pincurls, housedresses, and bermudas, busily filing, typing, rating, and performing myriad other office tasks. The visitor might consider that this was a shocking breach of office decorum and conclude that the company had a serious morale problem.

However, after a few inquiries he would discover that nothing was further from the truth. These women, our astonished guest would learn, are part of the working mothers' clerical night shift, an imaginative approach to the part-time employment of women inaugurated at the Preferred Risk Mutual Insurance Company to help solve problems created by the rapid expansion of its business and the lack of available office space. For the details of this company's novel approach, see the article beginning on page 17.

Factors in Manpower Planning

Predicting future sales is the starting point for manpower planning. Estimating the size and nature of the work force needed to achieve this sales level is the goal

AT A RECENT meeting of management development specialists, THE CONFERENCE BOARD asked the participants: "How does your company go about manpower planning?" A man from the Armco Steel Corporation wrote on a slip of paper: "forecasts, objectives, policies, programs, schedules, procedures, budgets" and handed it in with the comment that these were the elements of all management planning and that manpower planning was no exception.

The Board asked the same question on visits to ten major companies in a number of industries. The answers differed in detail but all involved the elements listed by Armco. There seems to be no magic formula that can be substituted for the hard work and managerial judgment inherent in management planning decisions.

In general, these companies said, all you have to do is to make an accurate forecast of your expected sales volume; estimate the production you will need to achieve those sales; calculate the numbers and types of positions that will be needed to produce that volume of sales and goods; determine how many of the needed men are already on the payroll, how many will be lost through turnover, and how many will have to be hired; and plan the needed hiring and training. That's all there is to it!

Of course, there are a few complications.

THE PLANNING PROCESS

It is a truism that personnel decisions affect all other operations of a company to some extent. For this reason, manpower planning is usually not a matter reserved to the personnel function. While the responsibility for pulling together the necessary information often is assigned to a staff unit in personnel, line and staff managers in a variety of company functions frequently play roles in the planning process.

At the Aluminum Company of America the responsibility for manpower planning is carried by the general manager of each major function, with coordination provided by the vice-president responsible for the function and the vice-president of personnel. At the United States Steel Corporation, manpower planning is carried out by each unit, with coordination provided by the personnel services department.

In arriving at a total manpower plan, information

is usually gathered from the marketing and sales functions, from production, from design and engineering, personnel, and a number of other staff functions. In a large company, many line and staff managers are involved in this process; in the small firm, the president, perhaps with a few subordinates, does all this work. But information from all these functions is needed. How this information is used can be seen by following through on the total planning process.

Forecasts

Since plans are concerned with the future, forecasts are a frequently mentioned starting point for manpower planning.

The rolling five-year forecast and plan are widely used by the companies included in the Board survey. That is, most of these companies try to foresee their needs five years in advance. At the same time, these firms update the plan annually through the addition of a new "fifth" year and review the plans made previously for the remaining four years of the period. In many cases, the plans are quite specific and detailed for the first couple of years, becoming less concrete as they push further into the future.

According to the Board's survey, in most companies, forecasting begins with an analysis of the general level of anticipated sales. In some cases, companies project the growth rates that have been characteristic of their recent past. More often, the sales forecasts are the result of market and marketing research. Estimates of changes in general business conditions, conditions within particular industries, and in specific geographic regions are all considered in arriving at the sales forecasts.

The companies differ in the reliance they believe they can place upon their forecasts. A utility reports that its five-year and even longer forecasts almost certainly have a very small margin of error; demands for power can be anticipated accurately for some time into the future. A manufacturer of appliances, however, says that it sometimes has to alter its plans after seeing how consumers react to the industry's annual model changes.

But, however reliable the forecasts are and however they are arrived at, predicting future sales is the starting point for manpower planning. From these forecasts

the volume of goods or services that will have to be produced can easily be determined. A more difficult problem is estimating the size and nature of the work force that will be required to produce it.

Many factors enter the picture at this point. Changes in the design and engineering of products may make it more economical to buy and assemble components that had previously been manufactured. Changes in the materials used may alter the production process. The manufacturing function may have worked out more efficient methods that change the number of workers required. And, of course, the introduction of completely new products can affect manpower requirements.

But the number of workers required is not the sole question. The specialties that will be needed must also be determined. The International Business Machines Corporation mentions three elements—number of employees, the mix of employee backgrounds, and the mix of employee functions—that it considers in planning. It explains that different products require different proportions of administrative, manufacturing, engineering, and marketing personnel. And these proportions change for different volumes of the same product.

For instance, increasing market acceptance of a particular model of computer has a significant influence on the mix of marketing personnel. As sales increase, the engineers who provide customer service gain additional experience. This enables them to anticipate and forestall problems, and thus they can often service more customers. The same sales increase, however, creates a need for more programmers and other sales assistance people who help the customer plan for the use of his equipment. The mix of employees in the total marketing function obviously relates to constantly changing factors and therefore must remain fluid.

In such fashion as this the companies interviewed by the Board draw up their forecasts—their “best guesses” as to what the future has in store. But their planning is far from completed at this point.

Objectives and Policies

A company's policies and objectives provide guides for its manpower planning as they do for all its other activities. An obvious example is the policy of many companies of filling higher-level positions by promoting men already on the payroll. This policy requires that the work force contain a sufficient number of men who can be upgraded through programs of training and management development to assume greater responsibilities. It also requires that the men recruited to replace them at lower levels be selected for their ability to grow with the company so that the policy can be adhered to during future expansions.

The effect of policy on manpower planning is also

apparent in the case of the Continental Can Company. Since 1947 it has been a policy of this firm to try to fill half its supervisory trainee positions with qualified men from the existing work force and half with college graduates. This policy provides a general answer to the question: “Where will we find the new men we will need?”

Still another example of the effect of policy on manpower planning is provided by the International Business Machines Corporation. IBM does not want to tax the resources of a community in which it has a plant. Therefore, as a matter of practice, the company tries to maintain its work force at a level which is in reasonable proportion to the total local population. If the planning review indicates that this objective may be exceeded, then consideration would be given at once to rescheduling the production increase to another existing plant, or to plan for entirely new facilities at another location. In reality, long-range planning takes into account the need for maintaining an acceptable balance of IBM employees in a community and allows an orderly transfer of products as well as the planning of new facilities when dictated by the demand for products.

A company's broad objectives influence planning, too. If greater stress is to be placed upon high standards of quality, for instance, increases in the quality control group may have to be projected. If an objective is a highly diversified product line with the frequent introduction of new products, research and development needs are brought to the fore.

The manpower planning process may itself have a specific objective. The United States Steel Corporation states that anticipating manpower changes three or more years in advance is one of the prime objectives of its manpower planning program.

These first steps in the planning process—drawing up forecasts and going to the policies and objectives for guidance—have really been concerned with defining clearly just what the needs will be. Now planning shifts to meeting those needs.

Programs, Schedules, Procedures, and Budgets

At this point responsibility rests primarily with the operating managers and with the personnel staff that services the line organization. The planning also becomes more “routine” at this stage. Recruiters plan their recruiting campaigns; training and development staff men plan the activities that will be needed to prepare men for the positions that will have to be filled; line managers plan the way in which they will implement the programs.

Knowing that it wants to add recruits to its ranks, Remington Rand UNIVAC has assigned some of its men the responsibility for developing closer contacts with local colleges in their areas. The West Penn Power Company has decided to hire more liberal arts

graduates than formerly, giving them the necessary technical training inside the company so that they will be able to assume managerial responsibility where a technical background is required. When transistors were developed several years ago, IBM began gradually to train its entire engineering force in transistor technology so that its manpower would keep abreast of the development. These are not startling activities. But they are the kinds of activities that translate manpower plans into action.

Schedules can vary considerably from company to company and even within one company if it is sufficiently diversified. One company, with orders on its books for equipment that takes eighteen months to produce, knows that it has that much lead time. But it also knows that eighteen months of induction training are frequently required for new men. Thus, the company's backlog provides it with the time it needs, yet it knows that it must be alert to future needs.

The Continental Can Company tries to anticipate middle-management needs at least five years in advance. It says that initial training usually takes eighteen to twenty-four months, and that an additional three years' experience as a first-line supervisor in production or administration is needed before a man is ready for his first middle-management job.

The West Penn Power Company says that in planning a new plant general manpower plans are made well in advance. But detailed recruiting, training, and promotion or transfer plans are postponed until ground is broken at the plant site. It takes so long to build a power plant that it would be premature to draw up detailed plans in advance.

Thus the proper time for acting varies with the type of action proposed, the situation of the company, and the type of industry in which it operates.

Finally, we come to the last stage—procedures and budgets.

As with other management planning, this last stage of the manpower planning process is always spelled out in detail, and provision is made for the materials, men, and money that are needed to accomplish the program.

OTHER FACTORS

Plans are concerned with events in the foreseeable future. But how much of the future is foreseeable? That varies considerably among companies and industries. The effect of consumer reaction to annual model changes has been mentioned previously. On the other hand, the West Penn Power Company believes that its ten-year projection of "staff" requirements and its ten- to twenty-year projection of professional and technical employee needs are reasonably accurate. The company explains that the growth of a utility depends upon general changes in the economy of the region it serves and upon changes in the power requirements

of its consumers. Such changes occur on a highly predictable basis, and therefore manpower needs can be anticipated quite accurately. Ten- to twenty-year forecasts are common in the utility business, says West Penn Power. Moreover the company is active in community development work so that it is well aware of changes that might affect the demand for its service.

Technological changes have to be considered in thinking about manpower requirements. But the companies surveyed do not believe they are especially troublesome to work with. For one thing, even "revolutionary" innovations affect operations slowly. The International Business Machines Corporation cites transistors as one example. While transistors were developed more than ten years ago, only in recent years has the device been fully exploited in equipment. The practical effects upon manpower occurred slowly enough to be absorbed in the company's regular planning program.

Again, the heavy capitalization of many industries retards the pace of change. At the Continental Can Company production of typical food cans has gone from less than one hundred a minute to over 400 a minute with less than one-half the employees—but that change has occurred over a period of thirty years. The company obviously cannot scrap all of its existing equipment every time some improvement in manufacturing methods is introduced. The economic necessity for introducing change slowly cushions the manpower effects of the change.

The Past as a Guide to the Future

Several of the companies contacted have been comparing the growth of employees and payrolls in various categories with the increased volume of business that has resulted. In most cases the decade 1950-1959 has been used as the base for these studies. In some cases the figures obtained have been used to make more refined projections of the places where an increased level of operations will have manpower effects. But other companies have pulled up short when they studied the figures and have decided that they would have to make some changes if they were to continue to be successful.

One industrial giant with a highly diversified product line found that if it grew in the future as it had done in the past, the 50% increase in sales it has set as its marketing objective would be more than wiped out by the increase in its payroll. Since it has no intention of letting itself succeed into bankruptcy, it is using its analysis as the basis for determining more concretely how best to utilize its manpower for the greatest efficiency and economy.

The possibility that the past ten years is not a good base period for such studies is mentioned in two instances. These two companies fear that unusual cir-

cumstances during that period caused distortions in the analysis, and they are exercising great caution in attempting to draw conclusions from their studies. However, they still feel that the time and trouble involved in making the analysis has been worthwhile; when proper allowance is made for possible distorting influences, the figures provide a much better basis for planning than do unsupported guesses of manpower levels.

The Planning Base

In the companies visited, there are plans for plants, plans for divisions, and plans for corporations. But the company unit that forms the base from which the other plans are derived differs from one company to another.

In one instance, in a company with a wide variety of manufacturing processes and products sold in a number of different markets, the individual plant is the base unit decided upon. The reason is that changes in the production plans of a plant can cause significant changes in its manpower needs, changes that would be obscured if its plans were combined with those of other plants in its corporate division. For this company, plants are the only reasonable planning base, and the division and corporate plans are recognized as general estimates lacking in pertinent detail.

For another company, however, divisions form the only meaningful planning unit. The company has 140

plants scattered throughout the country with an average plant payroll of only 300. For this company, divisions are the smallest units that have enough employees to make any sort of accurate statistical projection possible.

This is another illustration of the general findings of this survey—that the really difficult part of manpower planning consists of choosing the factors that have significance for a particular company, industry, or region.

As this review of company experience suggests, manpower planning is not different in any significant way from any other planning that a company undertakes. The fundamental policies and objectives of the company are considered in relation to possible programs. General programs for accomplishing the company's objectives are spelled out in increasing detail in schedules, procedures, and budgets. Of course, all this could be said of any other type of long-range planning.

But that does not mean that manpower planning can be done by any rigid formula or by any standard procedure. The differences in the situations of companies even within the same industry are too great to permit a standard approach. In the final analysis, the success of manpower planning depends upon the skill and judgment of the management that does the planning.

WALTER S. WIKSTROM

Division of Personnel Administration

Management Bookshelf

Managerial Skills for Supervisors—This book is intended as a down-to-earth guide for supervisors and foremen trying to make better use of their abilities. Each of its twelve chapters is devoted to suggestions for improving a particular skill; in total, the authors discuss managing time, planning, decision making, communications, talking effectively, memo and report writing, reading faster and better, selling ideas, judging people, exercising authority, developing people, and self-development. Each chapter ends with a "Self-Check Review" which can be used for self-appraisal by the reader. *By Glenn L. Gardiner and Associates, Elliott Service Company, 30 North McQuesten Parkway, Mt. Vernon, New York, 1960, 142 pp., \$3.95.*

Management Decision Simulation: A Noncomputer Business Game—Professor Stanley Vance has devised a business simulation for use in training business school students. While the manual is based upon a sixteen-week school semester, with one session a week, nothing in the game or the format of the manual prevents a business from using it on some other schedule. Among the features of the game intended to provide added realism are the use of the "Business Week Index" as an uncontrolled variable and the unequal positions from which the competing "firms" begin. The manual contains all necessary instructions and

worksheets for one participant, with the sheets perforated so that individual sheets may be handed out as needed during the progress of the training exercise. *By Stanley Vance, McGraw-Hill Book Company, Inc., 330 West 42nd St., New York, New York, 1960, 108 pp., \$3.75.*

The Variable Annuity, Its Impact on the Savings-Investment Market—An analysis of one of the criticisms of the variable annuity: "that potential investment problems exist which could disrupt the savings-investment market if the variable annuity becomes available to the public... because of the magnitude of the accumulated funds of the variable annuity companies which would be invested in equity securities."

The author concludes that variable annuity companies will remain an "insignificant institution with respect to other financial intermediaries and the securities market until at least 1975"; that the accumulated funds of these companies will represent only 2.4% of all institutional investment in equity securities by 1975; and that "the variable annuity will not influence stock prices between now and 1975." *By Cedric V. Fricke, Michigan Business Studies, Vol. XIV, No. 4, Bureau of Business Research, School of Business Administration, University of Michigan, Ann Arbor, Michigan, 1959, 90 pp., \$5.*

Employees on the Move

In 1956, the Board surveyed 272 companies on their moving expense practices. Here the survey is updated by the analysis of revised policy and procedure manuals

This article updates the findings of The Conference Board's 1956 report¹ of how far companies go in paying the moving expenses of employees. Here, the information is derived from the written policy and procedure statements of thirty-seven firms dated later than 1956—either new statements or revisions of older ones. The 1956 report was based on information obtained from a questionnaire that had been answered by 272 companies.

It is possible that the differences in the source of the information used and in the number of companies covered could, in some instances, affect the results. For example, a company actually paying a specific moving expense—such as the cost of transporting the furniture of new hires—would indicate as much in answering a questionnaire. Yet, at the same time, it might not see fit to make the payment of such an expense the subject of a written policy and procedure statement.

MANY Associates of THE CONFERENCE BOARD are asking whether the findings of the 1956 moving expense report still reflect current practice.

To answer this question, an analysis has been made of the Board's file of company policy and procedure manuals. It reveals that a total of thirty-seven companies have either adopted new moving expense practices since 1956 or revised the ones they had followed at that time.

In the aggregate, these thirty-seven companies employ 1,048,100 workers. They range in size from a public utility with 1,210 employees on its payroll to a transportation equipment firm with a work force of 165,000 employees. As shown in the following breakdown, just about three-quarters of the companies are engaged in manufacturing enterprises:

Industry or Business	Number of Companies	Number of Employees
Manufacturing		
Aircraft, parts and accessories	3	24,000-65,000
Chemical and allied products	6	4,800-38,000
Electrical equipment and supplies..	1	120,000
Fabricated metal products	1	22,000
Food, beverages, dairy products....	2	3,500-19,100
Machinery, accessories and supplies	2	11,400-13,000
Office, computing and accounting machines	3	9,500-61,000

Paper and paper products	1	3,600
Petroleum and petroleum products	2	38,000-39,900
Photographic equipment and supplies	1	3,500
Primary metals	1	35,000
Rubber and rubber products	1	39,000
Stone, clay and glass products	1	8,000
Surgical supplies	1	7,500
Tobacco	1	6,900
Transportation equipment	1	165,000
Nonmanufacturing		
Insurance	3	2,500- 3,740
Public utilities	2	1,210-12,500
Retail trade	2	20,000-60,000
Transportation	2	20,000-20,700

Headquarters of the thirty-seven companies are located in thirteen states and Canada. Three of them are in Canada. The rest are distributed among the states, as follows:

State	Number of Companies
California	2
Connecticut	1
Illinois	2
Indiana	1
Massachusetts	2
Michigan	3
Minnesota	1
Missouri	2
New York	16
Ohio	1
Texas	1
Washington	1
Wisconsin	1

This report on the new or revised payment-of-moving-expense provisions written into the policy and procedure manuals of the thirty-seven companies since 1956 deals with the following three types of employee moves:

1. Individual transfers
2. Group moves
3. Moves of newly hired employees

INDIVIDUAL TRANSFERS

The changes in policy and procedure made by thirty-five of the thirty-seven companies include provisions for the payment of moving expenses connected with the transfer of individual employees. In most of

¹ See "Company Payment of Employees' Moving Expenses," *Studies in Personnel Policy*, No. 154 for a fuller discussion.

the thirty-five companies, the new or revised provisions would seem to apply to any employee who is transferred from one location to another. However, there are eleven companies which specify that the assistance is restricted to particular classifications of employees:

Number of Companies	Classifications of Transferred Employees Covered
2	Exempt employees
2	Salaried employees
1	Executives
1	Salesmen
1	Exempt employees and salesmen; in rare cases, nonexempt employees
1	Usually technical employees; occasionally, clerical employees
1	Clerical employees
1	Hourly and salaried employees
1	"Cheque-paid" employees (a Canadian company)

Over-all Limitations

As a rule, companies pay none of the moving expenses of transferred employees unless the move is made *at the request of the company*. There are two exceptions, though. One is an air line that moves transferred employees and their dependents, along with 300 pounds of personal effects, via company plane on a space-available basis "whether the transfer is at company or employee request." The other is an insurance company that has this provision in its policy and procedure manual:

"When the employee requests a transfer for personal reasons, he will pay his own moving expenses. However, when an employee seeks a transfer for reasons of health, and the company can place him in a job in the area in which he wishes to locate, *some* assistance on transfer expense items can be given by the company when the employee is one who:

- "1. Has done highly commendable work in the company and/or
- "2. Is of long standing."

Distance Limitations—Only two of the thirty-five companies condition payment of the relocation expenses of transferred employees on the distance of the move. An air line gives assistance only to "employees who are transferred at the request of the company to new base locations geographically removed more than twenty-five miles from their previous place of work." An electrical equipment manufacturer, when one of its employees is transferred to a company location within the same metropolitan area or to a closely situated community, will reimburse him for moving expenses only if "travel time to his new work location is excessive and greater than to his former work location."

Time Limitations—In four of the thirty-five com-

panies, a limitation is placed on the length of time during which a transferred employee remains entitled to reimbursement for expenses connected with relocating his home. Two of the companies will pay moving expenses only if they are incurred within ninety days after the employee is notified of the transfer.

A paper products company expects its transferred salesmen to have their families settled at the new location and an accounting of all interim travel and temporary living expenses submitted to the company within sixty days after receiving the transfer notice. "If more time is required," it adds, "approval by the director of sales must be secured." And, lastly, the policy and procedure manual of a maker of office and computing machines specifies:

"The policies for expense payment or reimbursement (of employee moving expenses) shall be effective for a period not to exceed six months from the date the employee commences his assignment in the new location."

Returning Employees to Former Location—Four of the thirty-five companies have written provisions into their policy and procedure manuals that touch on the subject of returning transferred employees to their old location. A paper manufacturer specifies that "no obligation is assumed by the company to pay moving expenses back to the former address in case of resignation or dismissal."

A chemical company promises its transferred employees that if they feel, some time after the transfer has been accomplished, that they lost considerable money as a result of the transfer, it "will look into each case and make a decision based on the merits of that case."

A manufacturer of machinery has a provision in its manual that covers the possibility of an employee being laid off following a transfer:

"If any employee permanently transferred by the company is laid off the job to which he was transferred for the company's convenience (of which the company shall be the sole judge) within three years after transfer and is unable to secure a reasonably comparable position with the company within thirty days after such layoff, the company, upon written application and presentation of a carrier's receipted bill, will reimburse the employee for reasonable expense of transporting his family, household goods and personal effects to his former location, provided the move is made within three months after effective date of layoff."

A petroleum products company goes into the matter of the employee who reaches retirement age a few years after being transferred and wants to return to the location where he spent most of his working years. Its policy and procedure manual includes this provision:

"A domestic employee transferred to a new location at company expense may wish upon retirement to return

to his old location to reside. Such an employee who was transferred after attainment of age fifty-five or thirty years of service may be reimbursed for moving to his old location, if the physical move is made within six months after the date of retirement.

"If more than one 'old location' is involved, it is management's responsibility to see that this policy is applied to such 'old location' as is consistent with equity and industrial relations objectives."

Other General Provisions—So that employees offered a transfer will be in a position to figure all the financial aspects involved in the move, four of the thirty-five companies have a statement in their policy and procedure manuals stressing that any employee who is asked to transfer be clearly informed, before he comes to a final decision, of the exact amount of reimbursement he may expect from the company. Tax liability is another factor to be considered before a transfer is accepted. The manual of a transportation equipment company states that "employees should be advised, prior to the transfer, of their tax obligation for reimbursed relocation expenses."

Employees of an office and computing machine manufacturer may have to undergo a physical examination on being transferred. The company's manual contains this provision:

"A physical examination will not be required as a condition of transfer, except where greatly increased physical exertion is required by the new position. After transfer, however, the employee may be requested to have a physical examination under an activity's regular health maintenance program."

A Canadian company provides two methods for the payment of employee moving expenses—an all-inclusive settlement prior to the transfer or, if that "is not practical," an actual expense account settlement after the transfer. Under the all-inclusive settlement:

"The company will reimburse the employee and members of his family on the basis of a fixed amount for the estimated total cost of transfer agreed upon in advance of the move. . . . The estimate will cover cost of transportation, packing and moving of effects, insurance, disposal of leases, hotel accommodation, and miscellaneous expenses. After the amount has been established, it is the employee's responsibility to carry out the details of his move as he pleases without referring further details to the company; but he may get such advice and guidance as he may wish from the company's traffic department."

Several companies include a statement in their policy and procedure manuals to permit exceptions in the event of unusual circumstances. As a rule, it is brief and general. But the following exception statement, found in the manual of a company that manufactures office and computing machines, spells out specific instances where the company is willing to liberalize its moving expense practices:

"As with any written statement of policy, it is not pos-

sible to cover all eventualities or the variability of individual problems. Therefore, the extenuating circumstances of either individual or group moves may necessitate a more liberal reimbursement for expenses directly connected with an employee's transfer. In such cases as double moves within a short period of time, lateral transfers (i.e., relocation of the employee's work site with no change in position, compensation or opportunity), and group moves in sufficient numbers to distort the market value of real estate in a particular location, and in other cases of sufficient justification, a more liberal reimbursement of expenses may be authorized by the president or the executive vice-president."

Advance Trips to Locate Living Quarters

Most of the firms that participated in the 1956 study permitted transferred employees and/or their wives, before the actual move, to visit the new location at company expense for the purpose of finding a place to live. By contrast, only eight of the thirty-five companies that have changed their individual transfer practices since 1956 expressly allow transferred employees to make such pre-move visits. One company, a manufacturer of chemicals, states that it will pay for "trips to a new location in order to look for housing." Another company permits such trips within the bounds of a blanket allowance that is granted to cover all incidental moving expenses. The other six companies say they are willing to pay for only one trip. Two of them impose further limitations. A machinery manufacturer specifies that the expenses of the trip must be "incurred in the ninety-day period following date of notification of transfer." A maker of fabricated metal products says it will pay for:

"The cost of one round trip for the employee to visit the new location before he reports for work at the new location, including hotel, meals and approved incidental expenses for a period not to exceed three days, exclusive of travel. It is recognized that this trip is unnecessary if the employee has been there for interview or is familiar with the territory."

As far as these pre-move visits are concerned, the wives of transferred employees seem to fare better than the employees themselves. The policy and procedure manuals of fifteen of the thirty-five companies provide for the payment of travel and living expenses incurred by wives who journey to their husbands' new job site to look for living quarters. One company even pays the expense of a baby sitter while the wife's away.

In most of the fifteen companies, the manuals merely state that the wives of transferred employees may take one trip to the new location; they say nothing about how far the wives may travel or how long they may stay. A Canadian firm, however, says it will pay for the wife's trip only if the "distances are not too great." Three United States firms place a limit on the length of time they are willing to pay the expenses of the wives at the new location. This limit is set at

three days by a food manufacturer, at one week by an insurance company, and at ten days exclusive of travel (the ten days, incidentally, may be broken into two visits if desired) by a fabricator of metal products.

Cancelling Unexpired Leases

The practice of reimbursing transferred employees for losses sustained through unexpired leases seems to be growing in popularity. Less than half of the firms that participated in the 1956 study allowed such reimbursements. By contrast, they are provided for in the policy and procedure manuals of twenty-two (nearly two-thirds) of the thirty-five companies that have changed their individual transfer practices since 1956.

Half of the twenty-two companies reimburse transferred employees for the full amount they have to pay to terminate an unexpired lease. One of these eleven companies adds that "if the employee finds it impossible to dispose of his lease, the company will assume it and make necessary arrangements for its termination." Another company tells its employees that "in cases where the lessor demands more than a month's rent to liquidate a lease, the matter is to be referred to the corporation's general attorney before any commitment is made to the lessor." Still another company asks transferred employees with unexpired leases to try to get the best possible settlement from their landlord and "refrain from advising the landlord that (the company) will assume lease obligations."

The other eleven companies impose limits on the amount they are willing to pay for the purpose of offsetting losses that result from unexpired leases. Six of the companies fix their limit at the equivalent of two months' rent, with two of them giving transferred employees the alternative of applying the two-month maximum to the payment of rent outlays required to hold an apartment or home at the new location.

A chemical company, when its transferred employees are charged for cancelling a lease on a residence or a garage, reimburses them up to the equivalent of one month's rent.

Two companies that place an over-all limitation on what they will pay for incidental moving expenses include payments to terminate leases within this limitation.

An even less clearly defined limitation is drawn by an electrical equipment manufacturer; it says it "will aid in making a settlement with the landlord, terminating the lease."

Finally, a food manufacturer has this to say:

"With respect to current leases on homes or apartments which may have a noncancellable clause, employees should make every effort to relieve themselves of this obligation by resorting to sublet provisions in existing lease or otherwise. In the event this is not possible, the company will review each individual situation and advise the employee."

Incidentally, this company along with several others urge all employees signing leases to insist on the inclusion of a cancellation clause requiring no more than sixty days' notice. The policy and procedure manual of a transportation company suggests the following wording for the cancellation clause:

"In the event lessee is transferred by his employer to another city, this lease may be cancelled upon thirty days' notice in writing to the lessor by the lessee."

Help in Selling Old Home

About a sixth of the firms that participated in the 1956 study gave transferred employees some help in disposing of their old homes. By contrast, such help is expressly provided for in the policy and procedure manuals of twenty-two (nearly two-thirds) of the thirty-five companies that have changed their individual transfer practices since 1956.

A chemical company, if its transferred employees are unable to sell their homes, will act as their selling agent if requested to do so within six months after the transfer. Pending the sale, this company foots the bill for carrying charges on the old home if the employee is paying mortgage or rent at the new location; then when the sale is made, it pays all the costs of closing.

Three companies offer to buy the homes of transferred employees, in each case at the market value as determined by appraisers. A chemical company gives the employee thirty days to accept its offer and, if he does, pays all selling costs. A manufacturer of electrical equipment gives the employee six months to make up his mind and allows him the further option of disposing of the home himself, in which case it pays the real estate broker's commission, legal fees up to \$125, state and federal stamp taxes up to \$200, and mortgage prepayment penalties up to \$200.

The other eighteen companies pay one or more of the various expenses that transferred employees incur in selling their homes themselves. Practice in this regard ranges from the Canadian company that pays only legal fees incurred in forced sales to the oil company that not only pays real estate broker's commissions up to 5% of the sales price and an amount up to the employee's new monthly earnings for legal fees, stamp taxes, and mortgage prepayment penalties, but also provides:

"In the event the employee is delayed in disposing of his residence at the former location, rental equivalent (based on one-twelfth of 5% of the value of the old house plus the employee's monthly charges for taxes and insurance) may be allowed for a period up to sixty days from the day the family moves out of the former residence. This allowance is payable only during the portion of the sixty-day period the employee is not on full expenses at his new headquarters."

(Continued on page 24)

Correcting Out-of-Line Rates of Pay

Excess wage payments can add up to a lot of money. Here is how some companies bring their outsize salaries into line without impairing employee morale

RED circle rates" "Ringed rates"
"Flagged rates" "Personal rates"
"Red allowances" "Adders" "Over-
rates" "Personal out-of-line differentials."

These are strangely different terms, yet they are all associated with a similar problem. The problem arises when a company finds that an employee is receiving a wage or salary that is higher than his job warrants; not wishing to cut the employee's earnings immediately and perhaps drastically, the company works out a plan whereby the employee can continue to enjoy his higher earnings, in full or in part, for an indefinite or a limited period of time. The use of such terms as red circle, ringed or flagged rates then comes into being. These terms simply mean that the employee's earnings are out of line.

Out-of-line rates can arise from a number of different circumstances. The most frequent are these:

- A company goes through the process of job evaluation—or re-evaluation—and finds that, on the basis of such evaluation, some employees are underpaid while others are overpaid. The company desires to bring all earnings into line with the evaluation, but recognizes that an outright reduction in employee earnings can have serious consequences, not only for the employee, but the company as well. Even if the number of overpaid employees is relatively small, the problem remains; if the number of overpaid employees is large, such as 30% or 40% of the work force, then the problem is enormous.

- A company with a wage incentive program rechecks all the standards upon which the incentives are based and finds that some standards, perhaps through an accumulation of minor improvements in method, have gone out of kilter. Employees assigned to jobs with loose standards can earn substantially more than employees working with proper standards, or can earn equivalent pay by "pegging" their production at a certain level. In either event, the loose standards are costly to the company and inequitable to employees. But here again, a change in incentive standards presents a serious difficulty.

- A company introduces a technological improvement and finds that some of the jobs affected by this improvement require less skill than previously. Obviously, the jobs should now pay less, but what

about the employees who retain their high skill and through no fault of their own are no longer in a position to use it? They might be transferred to other jobs requiring their skill, but more often than not this is impossible, at least within a short period of time.

- A company acquires another plant, by purchase or merger, and finds that the wage schedule in the acquired plant is out of line with that of the parent company. Some of the employees in the newly acquired plant receive less for performing identical work, others more. To permit this discrepancy to continue would give rise to a host of difficulties, with or without a union. But realistically, how can the necessary adjustments be accomplished in a manner both fair to the employee and the company?

What to do to correct inequitable rates of pay is a dilemma long faced by management. Aside from all other ramifications of the problem, excessive rates of pay can impose a tremendous financial hardship. Only recently, for example, a medium-sized company calculated that its "overrates" were costing \$400,000 a year, and a solution was not yet in sight. Also recently, a large company declared publicly that unless it could correct excess payments in wages it could see no way out of its financial difficulty. Experience, however, indicates no easy solution to the problem.

THE TWO EXTREMES

Confronted with a portion of its employees earning out-of-line pay, a company has a number of choices.

One extreme is to "let sleeping dogs lie," that is, do nothing. This alternative is especially attractive when those receiving higher rates of pay are employees of long service, upon whose loyalty and performance the company depends. Yet those companies that have tried to "live with" the situation often find that younger employees claim and receive the higher rates as well, sometimes by the route of arbitration decisions. Thus, the higher rates are continued in perpetuity.

"Doing nothing" has other unfortunate consequences. Here, for example, is what can happen: Employees in Group A point to employees in Group B, who are higher paid, and argue that their job requirements are comparable. Their job requirements *are*

comparable, but Group B is overpaid. Nonetheless, there is an inequity, so the company finally yields and raises Group A to the level of Group B.

At this point Group C enters the picture and reminds the company that Group C has traditionally been paid more than Group A. Not only has it been traditional, but is clearly justified on the basis of job requirements. So the company is finally persuaded, on the basis of equity, to raise Group C to a level above both Group A and Group B. This process is known as "whip sawing." After trying to do right for its employees, the company ends up in a worse position than before.

The other extreme is to make all adjustments immediately, both up and down. This too has been done, though usually under special circumstances. In this case, employees who receive an increase in pay applaud the action, while those who suffer a reduction in pay take a less enthusiastic view. Whether or not a company can justify such action, and weather the ensuing consequences, is dependent upon the peculiar circumstances of its own situation. The vast majority of companies, however, have chosen a different alternative.

BETWEEN THE TWO EXTREMES

This article analyzes how various companies have attempted to solve the problem of overpaid employees by using approaches somewhere between these two extremes. To do this, THE CONFERENCE BOARD has, over a period of several months, sought out those companies who have coped with the problem and has recorded the variety of approaches they have taken. It cannot be claimed, of course, that every conceivable solution was found; and yet it is evident that the approaches made by these companies reveal considerable diversification.

It would appear, in general, that there are five different methods in use. The first, and by far the most common, is use of the "red circle rate," sometimes called a "personal rate," "ringed rate" or "flagged rate." A somewhat different approach is use of an "adder." Also, there is the "lump-sum settlement." Then there is use of the so-called "inequity adjustment." And finally, applying only to incentive jobs, is the "allowance" or "red allowance." These methods are at times used in combination, but for clarity they will be described separately.

Red Circle Rates

The term "red circle rates" has been in use for more than twenty years. No doubt it evolved because many companies would actually put a red circle around an employee's rate that was out of line to remind them that it was a problem rate. When an employee receives a red circle rate he is paid on the basis of that rate, but the red circle indicates the rate is outside the

rate structure and that an attempt is being made to make it conform to the structure. As an example, if the maximum rate for a job is \$2.50 an hour, and the employee is actually being paid \$2.75 an hour, his rate would be red circled.

The most common method of eliminating red circle rates is to "freeze" the employee's rate until general wage increases bring the wage structure to a point where the red circle rate is no longer out of line. Also, the red circle rate is often eliminated when the employee moves to a different job. However, there are a great many variations.

Company A "freezes" the employee's rate, as far as general increases are concerned, but eliminates the red circle rate and pays the employee in accordance with the rate structure if he accepts a promotion to a higher-rated job.

* * *

Company B "freezes" the employee's rate for a period of six months, during which period an effort is made to transfer him to a job warranting the rate. If this has not been accomplished at the end of six months, the situation is re-evaluated, and the employee's rate is reduced, or the red circle rate is continued for another temporary period, depending upon circumstances.

* * *

Company C gives the employee a red circle rate but it is eliminated automatically if for any reason the employee leaves that job. This company, incidentally, makes the transition easier by transferring red circle employees to incentive jobs where they have the opportunity to earn as much or more.

* * *

Company D withholds a portion of general wage increases from any red circle employee; in addition, if the employee refuses transfer to a job that would warrant his rate, his red circle rate, after a specified period of time, is eliminated.

* * *

Company E makes all adjustments, both up and down, at the time of general wage increases. It makes these adjustments in steps, in accordance with a formula. In doing so, it grants red circle employees at least a minimum increase.

* * *

Company F withholds from red circle employees a specified amount of any future general increase. For example, a group of employees receiving 18 cents an hour above the structure have 3 cents an hour withheld from each general increase until their rates are within the structure.

* * *

Company G eliminates the red circle rate if an employee is transferred or promoted to another job, unless the move is caused by a shortage of work, in which event the red circle rate is restored if and when the employee returns to his original job. While off his original job, however, he receives the rate of pay that goes with the other job.

* * *

Company H red circles the job instead of the employee. Under this arrangement, any employee on that job gets the red circle rate, which, however, is gradually reduced and finally eliminated in accordance with a fixed time schedule.

Company I permits the red circle rate to exist no longer than one year, after which it is eliminated.

* * *

Company J eliminates red circle rates in accordance with a time schedule, but the time schedule is based on the employee's seniority, with longer-service employees having a longer period during which their rates are gradually reduced.

The Adder

The "adder" or "additive," as some call it, accomplishes a purpose similar to the red circle rate, but is a more recent innovation.

When an employee is receiving a rate over the structure he is given an adder, which is the difference between his personal rate and the structure rate. For example, if his personal rate is \$2.75 an hour and the structure rate is \$2.50 an hour, he is paid the \$2.50 an hour, plus an adder of 25 cents an hour. The adder differs from the red circle rate in more ways than might at first appear and is adaptable to both incentive and nonincentive work.

One company using an adder pays the employee according to the structure, then pays the accumulated adder in quarterly installments. The first year the adder is at 100%, the second year at 75%, the third at 50%, the fourth at 25%, and then it is eliminated. Also, if the employee moves off the job, or the job is eliminated, the adder is likewise eliminated.

* * *

Another company using an adder reduces it to the extent of increases in increments between job classes. Inasmuch as job class increments are usually increased in conjunction with general wage increases, the adder would be reduced gradually. In this company, the adder applies only so long as the employee remains on that job.

* * *

One company, after overhauling its incentive standards, calculated the average earnings of incentive employees during a prior period, and the anticipated earnings of the employees under the new standards, assuming they would produce at an average incentive pace. The difference then became the adder. Under this arrangement, the employee could earn more or less than his prior earnings depending upon his individual performance. In this particular company, the adder is reduced to the extent of future general increases until it is eliminated.

Those who use the adder claim these advantages:

- An adder, they say, is less likely to be looked upon as regular earnings. Thus an employee receiving an adder is more apt to condition himself to its final elimination. Also, new employees who enter his classification are not as likely to believe that they too will be entitled to the higher earnings.
- An adder, it is also said, is kept sufficiently apart from regular earnings not to be overlooked at the time of a general increase. It is pointed out that in some instances red circle rates are forgotten dur-

ing the stress of wage negotiations, and the company later discovers that it has not only failed to reduce the red circles but in the event of a percentage increase has actually compounded them.

- It is likewise claimed that when incentives are used, an adder is less likely to find its way into the base upon which incentive earnings are calculated. Here again, there have been cases where red circle rates have inadvertently been used as an incentive base. Thus, if an employee received a red circle rate 20 cents above the regular base and earned 30% above that base, the 20 cents would be enlarged to 26 cents.

Lump-Sum Settlement

When either red circle rates or adders are used, the correction of out-of-line rates extends over a period of time, ranging from a few months to a great many years. Some companies concede they have out-of-line rates that will probably continue until their recipients retire. While most companies are willing to go through this "slow cure," a few have favored a "quick cure" through the process of a lump-sum settlement.

Here is how a number of companies have done it. When an employee's rate is over the structure, instead of using the red circle approach, the company takes the difference between the employee's rate and the structure rate, multiplies that difference by 2,000 hours, and gives the total to the employee as a lump-sum settlement. The employee's rate is then reduced immediately to the structure rate. For example, if the employee's rate is \$2.75 an hour and the structure rate is \$2.50 an hour, the employee's rate would be reduced to the \$2.50 an hour and the employee given a lump-sum settlement of \$500 (2,000 hours times 25 cents).

Another company uses the same general approach but makes the settlement in two payments. At the outset, when the employee's rate is reduced, he is paid the amount of the reduction times 1,040 hours. If after six months the employee is still on the same job he is given a second payment of the same amount. However, if in the meantime the employee has been promoted or moved, or has terminated his employment, the second payment would not be made.

Advocates of the lump-sum approach believe there is considerable long-run advantage in the prompt elimination of inequities in pay. They also believe that although lump-sum payments may appear to be costly, in many instances they will prove to be less expensive than the typical red circle approach. They concede that in some situations lump-sum settlements would not be advisable.

Inequity Settlement

Still another slightly different method of correcting out-of-line rates is through a process commonly called the settlement of inequities. This is accomplished

either separately from or, more usually, in conjunction with a general wage increase.

Here is how it works. Instead of granting a general wage increase and then withholding it from red circle employees, the company grants wage increases only to employees in specified classifications, wage ranges, or work groups. By lifting the rates of low-pay groups and by leaving the high-pay groups alone, this process of "inequity settlement" gradually brings the rates of employees into closer alignment with the rate structure without the use of red circles or adders. Often, however, the process of "inequity settlement" is used in combination with one of these methods.

Personal Allowances—Red Allowances

When the standard on an incentive job is changed (without a simultaneous change in method or process), the earnings of the employee on that job can be reduced. Under some circumstances, companies have endeavored to protect temporarily, at least, the earnings of such an employee. They do this not by giving him an adder but, instead, by making an adjustment in the standard.

For example, one company does this: If a standard is brought into line, and the amount of correction is substantial, the standard is corrected by steps. In this way the employee has a period of time to bring his production up to the higher level without a substantial loss of pay. Of course, if the employee fails to increase his production in the time allowed, his earnings are reduced proportionally.

Another company uses what is called a red allow-

ance, but under entirely different circumstances. The term may not be an especially pretty one, but it is appropriate nonetheless because the red allowance is similar to the red circle except that it applies to the standard rather than to the rate of pay.

In the previous example, in which the standard was corrected in steps, the employee was expected to increase his production and thus avoid a substantial reduction in earnings. The red allowance, on the other hand, is used in a situation where such an increase in production could not be expected, and where a substantial reduction in earnings would otherwise occur.

Here is a hypothetical and simplified example of a red allowance. Under a standard hour plan an employee is given an allowance of six minutes for each piece he produces. Thus when he produces ten pieces he has earned an hour's pay. But the standard on his job is changed so that now he is given an allowance of only five minutes for each piece produced. Thus the same ten pieces would earn only fifty minutes of pay. The company, however, wants to continue previous earnings, so it gives the employee a red allowance of one minute per piece. With the new standard allowance of five minutes per piece, plus the red allowance of one minute per piece, the employee's earnings are unchanged. When there is a general wage increase, however, the red allowance is reduced or eliminated, by formula, so that the employee's earnings are "frozen" until the red allowance is eliminated.

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Management Bookshelf

How To Become a Successful Executive—To assist management at all levels in their self-development, this book provides information on recent developments in research and psychology; suggestions on planning, goal setting, and coordination; and discussions of a wide variety of topics ranging from cost reduction to stockholder relations. Managers' investments and personal security programs are also examined. Documented case histories are used to illustrate the points made by the author. *By Eugene J. Benge, Frederick Fell, Inc., 386 Park Avenue South, New York, New York, 1960, 337 pp., \$4.95.*

Young Men Can Change the World—Local chapters of the United States Junior Chamber of Commerce have been, and are, involved in myriad activities, from tree planting in public parks to lobbying for honest and efficient state and local government, according to the author of this book. A history of the organization is presented in a series of anecdotes and episodes that dramatize and personalize the events reported. The book abounds with tales of the

successes and occasional failures of Jaycees as they attempt to change their local communities, their country, and the world in accordance with the ideals of service of the Junior Chamber. *By Borton Herndon, McGraw-Hill Book Company, Inc., 330 West 42nd St., New York, New York, 1960, 246 pp., \$4.50.*

Colour in Industry Today—In the foreword to this book on functional use of color (written by the art director of the British Colour Council), Faber Birren, an American authority on the subject, explains that principles are set forth "that are new to the age-old art of colour" and are based on years of experience and case history, not on purely personal notions. Among points covered in the nine chapters are: principles of color (its three dimensions, variables, after-image, and limitation of ranges); the psychology of color; uses of color; color and lighting in industry; planning of color schemes, etc. *By Robert F. Wilson, The Macmillan Company, 60 Fifth Avenue, New York, New York, 1960, 90 pp., \$8.*

The Lithographers and Technological Development

WITH the introduction of fast moving rotary presses about forty years ago, offset printing¹ became much more economical and, in consequence, the lithography industry began to expand. Since then, production workers in the lithographic crafts in the United States and Canada have increased from 6,000 to more than 74,000.² The dollar volume of the industry in the same period is reported to have risen from less than \$5 million to over \$1 billion a year.

As offset became more common, the Amalgamated Lithographers Association, an independent printing union that has traditionally claimed the right to organize offset workers rather than letterpressmen, recorded substantial membership gains. The lithographers report that membership, which was 4,020 in 1915, rose to 12,534 by 1920. In the decade that followed, it almost doubled and, at this writing, the union claims 38,000 members. The ALA anticipates continued expansion, even though its claim to represent offset pressmen has been challenged by other unions with the support of the AFL-CIO.

In addition to the favorable technological climate, the union believes that two factors help explain its growth.

1. It is an industrialized craft union encompassing many different skills in the offset and other lithographic fields.

2. While technological changes favor increased use of offset, the nature of offset printing skills is constantly changing. Thus the union has mounted an intensive campaign to educate its members in the skills of the future and has formed a committee and a department on technological developments to keep abreast of relevant changes in the lithographic art.

One Union for All Lithography Craftsmen

The union's jurisdiction is broadly defined in its constitution as covering "all classifications of labor, howsoever described and wheresoever located, that are engaged in the production of lithography or in any part of the lithographic process, whether direct or

offset, and all other labor in lithographic plants or departments."

The ALA believes that its character as an "industrialized craft union" gives it greater flexibility and affords more opportunities for its members to make voluntary changes from one job to another in the same plant represented by a particular local or within a given area.¹ This, the union adds, helps it reach agreement with employers concerning changes in job classifications, retraining, and related problems. Therefore the ALA feels it has an advantage over some printing unions that have concentrated their memberships in a more limited number of occupations in the printing industry.

Keeping Abreast of Technological Changes

In a pamphlet entitled "The Changing Look in Litho, USA," the union reports its experiences with technological advance over the seventy-eight years of its existence. Its purpose in publishing the document is to offer evidence that better wages and working conditions for its members are directly tied to the economic growth of the industry through improved technology, even though some job dislocations may result under certain circumstances.

Consistent with this viewpoint, the union declares that it is directly interested in how lithography can best be sold by the use of more color at a cheaper rate, by eliminating unnecessary production steps, and by helping to provide a generally better product at lower cost to the customer.²

In recent years the lithographers' union has developed what it considers a rounded program to derive from technological advances what can be in the best interests of the union. The program embodies four points.

¹In some metropolitan areas, a particular local may represent the lithography employees of a large number of printing shops. For example, Local 17 of the Amalgamated Lithographers of America, with jurisdiction in San Francisco and Northern California, represents employees in at least 135 business concerns, fifteen of them grouped in an association known as The Employing Lithographers, San Francisco. For findings on recent bargaining activities of Local 17, see the NLRB Trial Examiner's report in the following cases: 20-CC-203, 20-CE-1, 20-CB-728; July, 1960.

²However, in the opinion of one management executive, lithographers' union representatives are still likely to resist strenuously when manpower reductions follow the purchase and installation of labor-saving equipment.

¹In offset printing, the impression is not made directly upon paper. It is received first by a rubber-surfaced cylinder from which it is transferred to paper.

²The Bureau of the Census includes in its definition of the lithography industry any establishments engaged *primarily* in commercial or job printing by the lithographic process.

1. To discover what new equipment and new techniques are being developed by the manufacturers of presses, plates, etc. and are being installed by operating shops.

2. To keep union members (and employers, where this is practicable) informed about developments in both areas.

3. To "educate" union members to accept technological improvements in the plants and to cooperate with management in making transitions.

4. To work with local unions and employers so that technological changes may have a minimum dislocation effect on the lithographers at work in the shops.

In 1957, the union's work in keeping abreast of new equipment and methods in the industry was assigned by its international council (the union's top governing body in the two-year interval between conventions) to a new "committee on technological developments." Later in the year, when the biennial convention was held, the delegates unanimously approved establishment of the committee as the focal point of the lithographers' interest in new technology.

Subsequently, the international council created a department on technological developments, on a permanent and full-time basis, to carry out the four-point program outlined above and to integrate it with usual union activities such as organizing, negotiating, jurisdiction disputes, and apprenticeship training.

At the 1959 convention the delegates approved this action.

A few locals, notably Local 1, New York, have undertaken some activities of their own. For example, in 1956, Local 1 joined with a group of companies in the industry in sponsoring a conference in New York attended by 2,000 members of the local and 800 management executives to view movies and closed-circuit TV shows demonstrating new equipment and techniques in the industry. The gathering also heard talks on how productivity could be further increased. Local 1 is reported to have contributed \$8,500 from its treasury to help defray the costs of the conference.

Developing the Skills of the Future

At meetings and in publications, the lithographers' union repeatedly advises its members to learn new skills and techniques where necessary. In addition, the union lists a variety of activities intended to assist members in accomplishing this objective.

It considers the four-year apprenticeship program and the in-plant training programs as important elements in its plan to help its members learn new skills. In addition, it encourages workers to take supplementary school courses organized jointly by the international and various employer groups.

The union puts a higher value on *shop* training, however; it says:

"The installation of new, expensive high-speed lithographic equipment makes sense only if there is available skilled manpower to achieve full utilization of this equipment. Lithographic schools contribute to the training of skilled men. But the best schools are the thousands of lithographic plants in which skilled lithographers train apprentices regularly under actual shop conditions. These are the real schools from which come the new, the younger, and the best-trained craftsmen."

Contract Provisions Translate Policy into Action

Both school work and in-plant training are integrated in the following excerpts from a collective bargaining agreement in effect in the New York City area. This agreement provides a practical application of the union's policy on technological improvements.

"The parties recognize that ultimately the job classification of strippers, engravers, opaquers, tuschers and glass letterers will become one job classification for all purposes. To that end the parties express the intention that all opaquers should go to school for the purpose of learning stripping and that employers should cooperate in in-plant training in permitting opaquers to engage in stripping."

Under this agreement, the employer initially pays one-half of the tuition for opaquers who enroll in classes on lithography stripping, with the opaquers paying the other half. The employer agrees to reimburse the opaquers when he receives evidence of satisfactory completion of the course. In addition, the employer gives the opaquer supper money for each night of class attendance.

On the general subject of new machines and new processes not previously operated in the plant, the contract specifies that the work is to be done by employees already covered by the contract, with wages and crew sizes to be agreed upon by the employer and the union. If they cannot reach an agreement, these issues are to be arbitrated.

When the employer purchases new equipment or new processes, he must notify the union immediately upon doing so, and a reasonable time must elapse before installation. If he fails to meet this requirement, the employer may not operate the machine until the expiration of a reasonable notice period. If he does comply, the union promises not to interfere with production on the new machine or process. This provision is important to the union because it makes possible early consultations with the employer on manpower requirements while at the same time it protects the ALA from jurisdictional claims from other unions.

On retraining and rehabilitation, the contract states the following:

"The parties agree that there will be increasing technological developments affecting the skill requirements of lithographic workers. The parties agree to adopt any ap-

propriate programs for the retraining or rehabilitation of lithographic journeymen in the new skills and processes developed by the union and the Metropolitan Lithographers Association, Inc."

Union Believes Future Depends on Independent Status

As mentioned previously, the lithographers' claims of jurisdiction over offset presses have not gone unchallenged. For example, the International Printing Pressmen's and Assistants' Union, AFL-CIO, which claims a membership of over 110,000, has stated¹ that "in it alone is vested the power to charter, regulate and control subordinate unions of printing pressmen, offset pressmen" and others in the industry.

Fearing possible limitations on its organizing work wherever new offset presses are being installed in printing plants, the lithographers have looked with a wary eye upon AFL-CIO rules and procedures relating to jurisdictional disputes. The union has regarded as a serious threat to its continued growth the AFL-CIO principle that if the employees in a shop have been organized by one union, new employees are to be represented by the same union. Under a strict application of the rule, employees put to work on new offset equipment, where this is installed in shops having letterpress unions, could not be recruited for membership in the lithographers' union.

The issue came to a head two years ago. In August,

1958, the AFL-CIO executive council held a hearing to inquire why the lithographers' union had continued organizing workmen in printing shops where other unions already exercised the right to represent employees. Rather than accept an adverse decision, the ALA representatives attending the hearing gave formal notice of disaffiliation from the AFL-CIO.

Although the lithographers' view is that the basic issue of the hearing was one of jurisdiction, the AFL-CIO executive council does not see it that way. Its position is that the hearing was called to discuss activities of the lithographers relating to the "no-raiding" provision of the AFL-CIO constitution. That provision, Article III, Section 4, says that no affiliate of the AFL-CIO shall raid or disturb the collective bargaining relationship of any other affiliate.

At the lithographers' convention last year, the chairman of the union's committee on technological developments cited the following figures to show how important the issue is to the union. The union leader said that "combination shops"—plants which have been using letterpress or other equipment and are now adding offset presses—constituted only 20% of the industry in 1945. But by 1959, he added, combination plants had risen to almost 80% of the industry. He offered this conclusion: "If we were to remain part of the AFL-CIO under the no-raiding clause, we would be dead. Our future would be absolutely black."

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Division of Personnel Administration

¹ See "Sourcebook of Union Government Structure and Procedures," National Industrial Conference Board, 1956, p. 224.

Management Bookshelf

How Arbitration Works—This book, revised and enlarged since its first edition appeared in 1952, is designed as a reference manual for employers, unions, and their counselors. The book discusses such subjects as the legal status of arbitration awards, strategies in selecting the different types of arbitration tribunals, and the role of evidence in arbitration cases. The book also makes a substantive analysis of management rights, seniority, discharge, and discipline. All chapters are annotated. *By Frank Elkouri and Edna Asper Elkouri, Bureau of National Affairs, 1231 24th St., N.W., Washington, D. C., 1960, 498 pp., \$9.65.*

The Army and Industrial Manpower—This book discusses the War Department's role in industrial mobilization planning after it received responsibility in this area in 1920. The organization and planning that occurred in the peacetime years and certain events that took place during the Second World War are reported and analyzed. *By Byron Fairchild and Jonathan Grossman, Office of the Chief of Military History, Department of the Army, Washington, D. C., 1959, 291 pp., \$2.75.*

Automation and the Worker—This study—one of a series in the broad area of organizational change—is an investi-

gation of the social and psychological effects of automation in two electric power plants. The authors discuss the social change problems and barriers they find in the way of the successful introduction and functioning of automated production systems. *By Floyd C. Mann and L. Richard Hoffman, Henry Holt and Company, Inc., 333 Madison Avenue, New York, New York, 1960, 272 pp., \$4.50.*

The CIO Challenge to the AFL—In a single volume, the author describes the development of CIO unions in eighteen industries. The study, which draws heavily from such sources as union newspapers and convention proceedings, spans the unions' growth in the late Thirties and the early Forties. *By Walter Galenson, Harvard University Press, Cambridge, Massachusetts, 1960, 732 pp., \$9.75.*

The New York Hotel Industry—The author reports on collective bargaining in the hotel industry in New York City, after discussing the economics of the industry, the history of its labor relations, and the nature and activities of the labor and management groups involved. Also included are chapters on such issues as wages, work, and welfare provisions. *By Morris A. Horowitz, Harvard University Press, Cambridge, Massachusetts, 1960, 265 pp., \$6.*

Part-Time Working Mothers—A Case Study

An insurance company has found that its 6-to-10 mothers' night shift has more than paid its way in reduced overhead costs and generally smoother operations

PART-TIME employment is on the rise. Whereas some 15% of all workers were employed part time in 1950, the proportion climbed to 20% by 1958. Projections made by the Bureau of Labor Statistics indicate a continuation of this trend, which may well have an even greater impact on manpower resources in the future than it has had in the past. The rapid growth of trade and service industries, typical areas of high part-time employment, account for much of the increase. And a distinctive characteristic of the part-time labor force is that 60% of it is represented by women.

Employers in the trade and service industries particularly are more and more turning to women—a traditional source of manpower reserve—to help out in peak business periods and to perform duties which require less than a full week's work. At the same time, the large number of married women who are entering the labor force tends to generate a supply of workers who are willing and, in fact, want to work on part-time schedules. For example, the number of part-time women workers increased 47% from 1950 to 1958; the number of women working full time increased only 15%.¹

While the most spectacular labor force phenomenon in recent years is the tremendous influx of married women who are forty-five and over, the increased proportion of working wives who are mothers of preschool-age and school-age children is noteworthy. About 58% of all working wives now have children under eighteen, and of these, 18% have children under six. More than a third (36%) of the latter group work part time. With the continued growth of industries adaptable to part-time personnel, some employers in these industries are adjusting their personnel practices to lure the housewife and mother from the home to the office or factory.

HOW ONE COMPANY DOES IT

An imaginative approach to the part-time employment of women may be seen in the "working mothers' clerical night shift" inaugurated at Preferred Risk Mutual Insurance Company in Des Moines, Iowa.² Rapid expansion of the business and lack of immediate space for additional workers sparked the night-shift innovation. Originally started as a temporary

device pending construction of larger quarters, the mothers' night shift, after more than a year of operation, is now hailed by company officials as a permanent arrangement. Even when the company's expansion program is completed, it is expected that the night shift will continue.

This firm started with the premise that most housewives, including those with young children, can manage to break away from household duties for a few hours each night. With this in mind, the company's recruiting program was geared to attract women with past work experience who had left their jobs because of marriage and children. The recruiting program specifically excluded "moonlighters." Preferred Risk takes the attitude that employees who work full time elsewhere are handicapped in maintaining efficiency on their daytime jobs, thus causing the other employer to be placed at a disadvantage. And, too, the company estimates that efficiency on the night shift would be impaired by moonlighters.

Through the local newspaper, the company announced job openings suitable for housewives with clerical skills who could work from 6 P.M. to 10 P.M. The response was immediate and overwhelming. Within a week the night-shift quota had been met, and the company continued to be swamped with applicants. Preferred Risk attributes this enthusiastic response to several reasons.

1. **Convenient working hours.** Practically all the mothers are unable to work during the day because of demands made on their time by small children. But they can manage to break away from household chores for four hours nightly while their husbands are home and can look after the children.

2. **Need for additional income.** While the mothers report that keeping the wolf from the door is not a problem, they do see the supplementary income from part-time employment as a means of getting the "extras" they want. These extras include a wide variety of things, such as household appli-

¹ "Part-time Employment for Women," Bulletin 273, Department of Labor, Women's Bureau, 1960, p. 8.

² The company writes automobile insurance for people who do not drink intoxicating beverages. Since its inception in 1947, the company has expanded to include fire and life insurance for total abstainers.

ances, better clothes, better medical care and education for the children, and added payments on the house or car.

3. **Desire to keep up to date with business skills.** For the most part, the women are experienced workers who have had specialized office training. They express a desire to keep up with the skills they have acquired. So, aside from financial considerations, they feel that their part-time experience will enable them to more readily resume full-time occupations when family and household responsibilities permit.

4. **Social aspects of the work.** Through the night shift, a social outlet is provided that gives the employee a heightened sense of job appreciation. After cooking, housecleaning and taking care of children all day, the mothers find great satisfaction in escaping for a few hours during the evening from household routines and in participating in an adult environment.

ADVANTAGES TO THE COMPANY

The advantages to the company are also numerous. Aside from the obvious savings realized through the many extra hours that the building is used, the company reports that smoother operations are now maintained. Before instituting the night shift, it took two or more days to process certain records. Incoming mail relating to these records often compounded paper-work mixups. Now, the night shift cleans out the day group's backlog, permitting a fresh start each morning.

Also, at Preferred Risk, some jobs can be done more efficiently at night than they can the following day. These include filing, routine accounting jobs, and many underwriting jobs involving rating and typing. Although the shift consists of just three hours and forty-five minutes of actual work (there is a fifteen-minute coffee break), the quantity as well as the quality of work performed is high, in many cases higher than the day shift. In addition, only first-line supervision is maintained on the night shift; higher levels of supervision are not required to oversee the work.

The company embarked on the night-shift experiment with the idea of filling only the more routine office jobs which require a minimum of training. But almost immediately this position was reversed as the company became aware of the superior aptitudes of the women hired. The women are now trained for the more difficult tasks that occur in the normal course of operations. However, since the company's training program is conducted during the daytime only, it is often necessary for night-shift employees to arrange for baby sitters whenever they are assigned to attend training sessions. In such instances,

the company reimburses the employee for any reasonable baby-sitting expense she incurs.

INFORMAL ATMOSPHERE

When employed by the company, the women receive, in addition to the regular employee handbook, a special pamphlet that welcomes them to the working mothers' shift and explains its working rules and benefits. One rule that is especially attractive is informality. The women are permitted to dress as they please. If they wish, they can wear pin curls and hair nets. Housedresses, slacks, dungarees, and bermudas are also acceptable attire. But the company draws the line on short shorts.

In addition, the women may choose the working hours of 6 P.M. to 10 P.M. or 6:30 P.M. to 10:30 P.M., whichever is most convenient to them, and they may alternate their hours from one day to the next. If they wish to work more than the four hours, or come in on Saturday, they may do so, provided there is sufficient work available. Rates of pay for the office jobs they perform are the same as for equivalent daytime jobs; but overtime pay is granted only after forty hours a week, as with the day shift. The night "break" is held from 8:15 P.M. to 8:30 P.M., and during this period the company provides free beverages and pastry. Second helpings are permissible and often taken.

MOST BENEFITS PROVIDED

Night-shift workers are included in all but two of the employee benefits offered by the company. These two—pensions and life insurance coverage—are withheld only because Preferred Risk is expressly prohibited by its contract with the carriers providing this coverage from including part-time workers. Blue Cross and Blue Shield are provided. And other fringe benefits such as sick leave, vacations, and holidays are available to the night-shift workers on the basis of proportionate time worked. The workers are also included in the company-sponsored Christmas party and other special events. But if the party is held on a working night, those who attend are expected to make up the time.

The company is a young organization, both in terms of years in business (organized in 1947) and in terms of the ages and general attitudes of its leaders. However, the night-shift plan was viewed with considerable skepticism in the initial stages. After all, "it just wasn't being done." Company officials feared excessive absenteeism and high turnover; some thought the lack of top echelon supervision would make the entire effort not worth the trouble involved. But the critical space situation and personnel shortages in the face of booming company business prompted management to give the experiment a try. Allen L. Donielson, the department manager who fostered the plan, says: "We have a

company where they'll let you try new ideas, even though they fear an innovation will not work."

After more than a year of experience with the "working mothers' shift" the company is more than convinced of its value; it is enthusiastic over the accomplishments. One company officer says: "We have found a gold mine of able, experienced help." Contrary to expectation, tardiness, absenteeism, and turnover are almost nil. Morale is reported as high as, and production is proportionately higher than, on the day shift.

Plans are now under way for extending the night shift to include employment of commercial college

students. By employing these students the company hopes to maintain the high quality and quantity of work performed by the mothers. In addition, the company will have an excellent chance to move the students to daytime jobs and more responsible positions after they have completed their schooling. In the meantime, the fifty mothers now employed on the night shift clearly are demonstrating an unusual sense of responsibility, conscientiousness, and morale. Indeed, the working mothers' shift is a "going concern" at Preferred Risk.

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Management Bookshelf

The Overseas Americans—This book reports on research conducted under a grant from the Carnegie Corporation of New York to determine (1) what elements in an American's education and experience are most responsible for his working effectively in foreign countries; (2) what is being done to prepare American civilians for service in foreign countries; and (3) what the American educational system and groups such as business, government, and private foundations should be doing in this field. A field research study was conducted in Yugoslavia, Iran, Ethiopia, Indonesia, Japan, and Mexico, and the study was complemented by additional interviews in Taiwan, India, Egypt, Ethiopia, Ghana, and Brazil. The book ends with a chapter entitled "Agenda for Action." Among other chapter headings are "New Americans in Old Societies," "Americans at Work Abroad," "The Elements of Effective Performance," and "The Meaning for Education." By Harland Cleveland, Gerard J. Mangone, and John Clarke Adams, McGraw-Hill Book Company, Inc., 330 West 42nd Street, New York, New York, 1960, 316 pp., \$5.95.

Health Plans and Collective Bargaining—Primarily an analysis of welfare fund activity in the San Francisco Bay Area during the past ten years, this book discusses the role of negotiated health care plans in helping to meet the problem of adequate medical care. By Joseph W. Garbarino, University of California Press, Berkeley, California, 1960, 301 pp., \$5.

Idea-Tracking—The author outlines his method, called "idea-tracking," for helping to arrive at successful solutions to business problems. The method embraces five steps: assessing the situation, defining the problem, use of the subconscious in creativity, the idea-producing session, and selecting the best idea. The material also contains a bibliography of related reading. By Frank A. Armstrong, Criterion Books, New York, New York, 1960, 146 pp., \$4.95.

How Cities Grew—The authors provide a long-term view of urbanization in the world. By Jean Comhaire and Werner J. Cahnman, The Florham Park Press, Inc., Madison, New Jersey, 1959, \$3.75.

Accounting for Management Control—This textbook is designed for use by college students in gaining understanding of the function of accounting in business planning and control. The author discusses accounting under seven broad headings: fundamentals of accounting, valuation of assets, sources of business capital, accounting for costs, business planning, budgeting and internal reporting, and income determination. The material is supplemented by charts and diagrams throughout. By William H. Childs, Simmons-Boardman Publishing Corporation, New York, New York, 1960, 714 pp., \$7.75.

The Search for Certainty in Advertising—The proceedings of the May, 1959, session of the annual advertising conference held by the University of Michigan. Papers on the various aspects of decision-making as applied to advertising are presented by six authorities (advertising practitioners, advertisers, and academicians), and their concluding panel discussion is also included. Edited by Donald B. Gooch, Michigan Advertising Papers, Number 3, Bureau of Business Research, School of Business Administration, The University of Michigan, Ann Arbor, Michigan, 1960, 99 pp., \$4.

Blue Collar Man—The author once again examines the question of the dual allegiance of the worker to his company and union. (His first book on the subject was "The Worker Speaks His Mind.") In making his research, the author conducted almost 800 interviews over a ten-year span. Sex, race, and length of service are among the variables that the author studied which affect the attitudes of the workers.

Six problem areas in employee attitudes were identified. The three that can be traced to the employer are: the worker's misunderstanding of the wage-incentive plan, his lack of opportunity for advancement, and his desire that his children not work for the company.

The three that relate to the union are: dissatisfaction with union leadership, desire of workers to have settlements rather than strikes, and the lack of members' participation in union affairs. By Theodore V. Purcell, Harvard University Press, Cambridge, Massachusetts, 1960, 300 pp., \$6.

PERSONNEL PRACTICES

Eighty and Able

No one at the L. S. Starrett Company in Athol, Massachusetts, is ever forced to retire. The optional retirement age is sixty-five; but if an employee who reaches that age wants to continue working, he can do so for as long as he chooses.

Forced retirement at a fixed age, the company believes, often shortens a man's life by depriving him of a sense of usefulness. "We have men in their seventies," says A. H. Starrett, the company president, "who are doing a better day's work than some men in their forties. A few employees are actually in their eighties; and though we have advised them that it might be better for them to retire, we never force them to do so. Why, we have a man in our organization whom I call 'Perpetual Motion.' He has been with us for sixty-eight years and still stands up to a milling machine with the best of them. We have told him that he may do as he pleases—cut down on his hours or take a week off whenever he wishes. But he never does; he wants to work, and we let him."

Time Off for a Friend's Funeral

Many labor contracts grant employees a paid leave of absence when someone in their family dies. "Family" usually includes the employee's wife, his children, his parents, and his brothers and sisters.

The contract recently negotiated by a local of the International Union of Electrical Workers, AFL-CIO, and an electric service company in Pennsylvania adds an unusual feature. It not only allows a worker three days' paid leave when death occurs in his immediate family, but also permits him to take one day off with pay each year to attend the funeral of a more distant relative—or even a friend.

"Night People" for the Night Shift?

Which is more important in the assignment of shift operations—the traditional time clock or the "biological clock"? "Biological clocks" were the subject of a recent ten-day international conference attended by one hundred scientists at the Long Island Biological Laboratory at Cold Spring Harbor.

Found in such diverse forms of life as plants, cockroaches, and birds, as well as humans, the clocks keep

time in the body and regulate the basic rhythms of living. In humans, they involve such things as the blood sugar level, which affects fatigue and alertness, output of the disease-fighting white-blood cells, daily cycles in body temperature, and the production of adrenal hormones.

Although the clocks generally run on a twenty-four-hour cycle for all forms of life, the human clocks do not all keep the same time. For instance, body temperature is usually low in the mornings and reaches its high point in the afternoon. On the other hand, the adrenal glands pour out their hormones shortly before the individual wakes in the morning to prepare him for the "daily grind."

The scientists reported that some individuals seem to be able to reset their internal clocks more readily than others; in other words, it takes less time for them to adjust to a new schedule. The scientists suggest, too, that there are real "night people" whose clocks are set that way to begin with.

More research in this area might give the personnel man an easy method of identifying the people who work best at night. Current findings, according to the scientists, warn against shifting a man from day to night work so often that his "clocks" never have time to catch up and get properly synchronized with his changing schedule.

A Thirty-Day Leave Every Ten Years

"After attaining ten years' seniority," the office and factory employees of the Barber-Greene Company of Aurora, Illinois acquire the right to take a leave of absence of up to thirty days "once every ten years," without loss of seniority and without pay, "for any reason other than employment elsewhere." This leave, which may be combined with the paid vacation, is an office practice and is also provided in the current contract between the company and District No. 108 of the International Association of Machinists. It is granted automatically; the only restriction placed on qualified employees is that they give the company at least ninety days' notice before beginning their leave.

By contrast, the current contract also has a clause, carried over from earlier contracts, that permits employees to *request* a sixty-day leave of absence "where valid personal reasons make it necessary." This clause

has given rise to administrative difficulties, particularly when it came to determining what reasons are "valid." For example, if an employee wanted sixty days off to travel abroad, the company, though sympathetic to the request, felt compelled to turn it down in order to retain control over the leave privilege.

The new arrangement, the company says, "appears to be a happy solution to the problem." Retaining the old clause gives management control over leaves of thirty-one to sixty days; adding the new clause gives the employees an automatic right to leaves of thirty days or less, so long as they have the required ten years of service and have notified the company ninety days in advance.

Luncheon Vouchers

England offers an answer to the problem of companies that are not large enough to support cafeteria facilities but still wish to provide some type of employee food service. According to the British magazine, *Industrial Welfare*, March-April 1960, a system "which is pleasing management and employees alike is the luncheon voucher plan—whereby vouchers are provided for use at nearby restaurants, where the staff can go and enjoy a satisfactory meal in exchange for a voucher." The meal is tax free up to a certain sum, and the companies can charge the luncheon cost against business expenses and then they can claim a tax rebate.

The system is well established in London and is spreading in Liverpool, Manchester, Birmingham, Leeds, and other industrial centers. The vouchers were first used in 1946 when a doctor with a large London clinic instituted the plan to make certain his employees ate a proper lunch. By 1954 over 3,000 companies had installed them. Because the system entails a great deal of clerical work for the companies and the restaurants, a clearinghouse for luncheon vouchers that was formed in 1955 as a commercial venture today has more than 7,000 member firms.

British Industry Offers Travel Scholarships

Quite a number of companies in the United States are now offering scholarships to their employees, but these scholarships are almost always for education within this country. In England, there are companies that provide scholarships which enable the recipients to travel overseas.

The Industrial Welfare Society of London reports a growing number of travel scholarships set up by industrial firms. One of the latest, established by George Angus and Co. Ltd. of Newcastle upon Tyne, is an annual scholarship that covers expenses and full salary normally up to a maximum of 1,000 pounds (approximately \$2,800). Its purpose is to enable an employee of ability and character to travel overseas

for study, training, and general education for a period of up to six months. The scholarship is open to male and female employees between twenty-five and forty years of age who have had at least three years' service with the company. Each candidate's application explains his project and where he proposes to go.

Blind Worker Operates Switchboard

A sixty-eight-year-old worker, blind since the age of nine, has recently learned a new occupation and become the operator of a telephone switchboard for Jafco Distributors in Seattle, Washington.

Operating a six-button telephone especially equipped with Braille line indicators, he receives 300 to 1,200 incoming calls a day for the firm's twenty employees. He uses an interoffice communications system to notify individual employees of their waiting calls. Since most of the incoming calls are from customers, an important part of his duties requires him to take care of orders for salesmen who are not in the office. The Braille indicators were developed by the Pacific Telephone Company.

Before taking on this job, the blind worker had been a messenger. He asked for the new occupation when an accident left him with a knee injury that made walking difficult. His prior experience included dictaphone transcribing. Between jobs, he had studied and earned a Bachelor of Arts degree from the University of Washington when he was sixty years of age.

Seven Weeks' Vacation Every Year

Lifting the yearly vacation maximum to four weeks is a fairly recent development. There are still many companies that do not allow their employees that much vacation time each year, no matter how long they have been on the payroll.

But now one company has almost doubled the four-week maximum. Long-service office employees at the Prudential Insurance Company of America in Newark, New Jersey can qualify for up to seven weeks of paid vacation each year. The company's regular vacation plan for permanent employees with at least five years' service has been liberalized (the maximum used to be four weeks after twenty years) to grant annual vacations as follows:

<i>Years of Service</i>	<i>Length of Vacation</i>
5-9	2 weeks and 2 days
10-14	3 weeks
15-19	3 weeks and 2 days
20-24	4 weeks
25-29	4 weeks and 2 days
30-34	5 weeks
35-39	5 weeks and 2 days
40-44	6 weeks
45-49	6 weeks and 2 days
50 and over	7 weeks

Railroads Scrap Cost-of-Living Clause

A SECTION of the arbitration award in the dispute between the Brotherhood of Locomotive Engineers and the railroads eliminates the cost-of-living clause in the present contract. Over the years this clause had added 17 cents per hour to the workers' pay. Shortly after the arbitration award was announced, the carriers and other operating railroad unions reached agreements that also disposed of the "escalator."

A provision of one of these agreements negotiated with the 200,000-member Brotherhood of Railroad Trainmen reads as follows:

"(a) The cost-of-living adjustments in effect May 1, 1960 (17 cents per hour) shall be included in, and made a part of, the then existing basic rates of pay.

(b) The cost-of-living adjustment provisions in the existing agreements are hereby cancelled."

Earlier in the year, an AFL-CIO publication had reported that unions might bargain for removal of cost-of-living clauses if union members were protected against price rises during the term of the contract.¹

The arbitration award also provides a 4% wage increase, 2% this year and another 2% to take effect in March, 1961. The negotiated agreements grant the same increase.

Grand Chief Engineer Guy C. Brown, leader of the 50,000-member Brotherhood of Locomotive Engineers, ind., wrote in his column in *The Locomotive Engineer* that arbitration on wages had been accepted by the union because "we cannot help but get a better award from an arbitration board than we could receive by any other method." Arbitration, he continued, "will permit us to devote our full attention to combating the detrimental revision of working rules proposed by the carriers."

Subsequent to the signing of the contracts, spokesmen for four of the operating rail unions discussed these work rules. At the same meeting, the union leaders framed a joint request to the railroads to establish a commission to "reorganize the structure of wage rates." Labor has suggested that the commission include labor, management, and neutral representatives. For the neutral members of the commission, the union leaders asked the rail carriers to agree to three of the

following: Cyrus S. Ching, David L. Cole, Nathan P. Feinsinger, Whitley P. McCoy, George W. Taylor, and W. Willard Wirtz.

Building Trades Unions Set Up Special Funds

Edward Carlough, president of the Sheet Metal Workers' union, AFL-CIO, has called on each of the union's 75,000 members to donate a dollar or more to establish a political action league designed "specially for our needs."

Revisions of the Taft-Hartley and the Labor Management Reporting and Disclosure Acts to provide full picketing rights and protection for the union label program rank high among these "needs," according to the union. Other aims mentioned in the *Sheet Metal Workers' Journal* include an extension of Davis-Bacon Act coverage to provide community prevailing wages for employees on all construction projects where any federal aid, either direct or indirect, is granted and the establishment of a federal unemployment compensation law. To accomplish these legislative ends, the union promises to contribute to the campaign of those candidates for public office "who will support our objectives even when the going gets tough."

The new program, declares the union monthly, was sparked by a legislative setback. The building trades unions failed to insert into the Labor-Management Reporting and Disclosure Act a specific exemption for their industry from the act's secondary boycott provisions. The garment industry unions were able to obtain an exemption that they feel protects their union label program. The garment unions, the sheet metal journal adds, already have their own political fund.

The establishment of the new fund is not to be interpreted as a withdrawal of support for COPE, the AFL-CIO's political arm. The union reports that it will strive to meet its regular contribution to COPE.

Another building trades union, the 65,000-member Plasterers' and Cement Masons' International union, has proposed a fund to protect its affiliated locals from the "swell of litigation which has increased a hundred fold" since the passage of the Labor-Management Reporting and Disclosure Act.

In an international union where 60% of the locals are composed of less than 200 members, states *The Plasterer and Cement Mason*, many locals are finan-

¹For full details see "Union Bargaining Prospects in 1960," *Management Record*, June, 1960, p. 22.

cially unable to hire a lawyer to defend them against these NLRB charges and law suits. The result has been, says the union journal, that many locals have pleaded no defense or admitted a violation of the law where in fact they had a meritorious defense.

To enable the international to supply competent counsel to the locals, when requested, union members are being asked to contribute one hour's pay a month.

The projected fund, explains the union monthly, will also be used to provide strike benefits to members and to institute organizing drives.

Industrial Relations Executive Eats Crow

Recently an industrial relations executive in Houston, Texas was the guest of honor at a dinner at which he ate a large well-roasted crow.

The crow dinner was a result of a chance remark made two years ago by Robert Deevey, industrial relations manager at the Houston plant of the Continental Can Company. Angered by the plant's low level of production, Mr. Deevey called the Steelworkers' local grievance committee into his office and warned the union group that unless production showed an improvement the factory might have to be moved to a new location, says *Steel Labor*, monthly newspaper of the United Steelworkers of America.

At this point, the union group countered that the employees had some suggestions of their own on how to raise production. On the basis of union recommendations made at this meeting, the union periodical claims that production rose from 50% to an average 80% or 90%.

At a subsequent meeting, while reviewing these changes, Mr. Deevey announced that "if this production keeps up for another six months, I'll eat crow for what I said."

The higher level of production did continue, and earlier this year, local Steelworker President Earl Wilson reminded Mr. Deevey of his promise. As a result, the largest crow that could be found in the area was shot. The chef at the Houston Executives' Club prepared the bird and Mr. Deevey ate it. Both union and management officials agreed that the executive had proved himself "a good sport" and had also made a contribution to better union-management relations.

IUE Claims Tax Victory on Strike Benefits

Withdrawal of a tax claim by the Internal Revenue Service on strike benefits paid to an International Union of Electrical Workers' member has been acclaimed as a victory for thousands of fellow unionists by the *IUE-AFL-CIO News*.

Upon completion of the 1955 Westinghouse strike, thousands of IUE workers were notified by the IRS that they must pay taxes on the strike benefits received from the union. The IUE, according to the

union biweekly, thereupon advised its members not to pay. Many of the workers eventually did pay under protest, but in some cases, the union periodical indicates, tax payments were secured by attaching wages.

To challenge the legal validity of the IRS' claim, the IUE carried one of the cases to court. By midyear 1960, the test case had arrived before the United States Tax Court. However, with the much-publicized Kaiser case on the docket of the United States Supreme Court, the IRS and IUE counsels agreed to extend the time for filing briefs until thirty days after the Supreme Court decided the Kaiser case.

The Supreme Court declared in the Kaiser case that the jury could reasonably hold that benefits paid by the United Auto Workers to a nonunion striker constituted a gift and consequently were nontaxable. After this decision, the revenue bureau revised its position in the IUE case. The IRS, states the union paper, declared that in view of the Kaiser opinion it has decided to abandon its contention that the strike benefits received by the petitioner herein (the IUE member) constitute taxable income. As a result of the IRS' action, many more union members hope to receive tax refunds.

Four Independent Unions Meet

International officers of four independent unions that claim a total membership of 324,000 recently met in San Francisco.

The chief topics discussed by the officials were automation and extended cooperation on a nationwide basis between their unions. The officers present represented the United Electrical Workers, the International Longshoremen's and Warehousemen's Union, the American Communications Association, and the Mine, Mill, Smelter Workers Union.

Teamsters Expelled from CLC

The Canadian Labour Congress has expelled the International Brotherhood of Teamsters for not heeding a directive to cease raiding other CLC affiliates.

The directive, states *Canadian Labour*, was contained in a resolution passed at the CLC's spring convention on the complaint of the Brotherhood of Railway Clerks. That union charged that the Teamsters had invaded its jurisdiction by attempting to organize a newly established clerical department of the Canadian Pacific Railway.

The resolution, explains the article, allowed the Teamsters thirty days in which to comply with the no-raiding mandate. Upon expiration of this period, the federation's executive board announced to its affiliates that the Teamsters were expelled.

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Division of Personnel Administration

Moving Expenses

(Continued from page 9)

Here, on an individual item basis, is how the twenty-two companies reimburse transferred employees for the expenses they incur in disposing of their old homes:

Item of Expense	Number of Companies Paying
Real estate broker's commissions ¹	12
Legal fees	11
Carrying charges pending sale	6
Federal and state stamp taxes	6
Mortgage prepayment penalties	5
Advertising costs	3

¹ Four companies restrict what they will pay for these commissions to an amount equal to 5% of the price at which the home is sold; another company will pay up to 6% of the selling price. The remaining companies generally pay the "going rate" of the particular area.

Reimbursements for Loss on Sale

The three companies that offer to buy the old homes of transferred employees at a value fixed by appraisers are affording protection against the loss that might result from a forced sale on the open market. Five other companies protect their employees from such loss in other ways. The policy and procedure manual of a chemical company that has its headquarters in the East states:

"Should an employee suffer a loss on a sale of his residence, the company will reimburse him to the extent recommended by the company treasurer and the division president."

An aircraft manufacturer, in the event of a forced sale necessitated by an immediate transfer, has the transferred employee's dwelling appraised by two professional appraisers, averages their appraisal estimates, then pays the employee the difference (less the real estate broker's commission) if the price at which he sold was less than the averaged estimates of the appraisers.

The married employees of an insurance company who make a permanent move from one location to another at company request receive four weeks' salary at their new pay rate (minus the withholding of income tax and social security tax). This flat payment is intended to cover their incidental moving expenses and possible overlapping rental costs and to offset any loss or expense they may incur in disposing of real estate.

A chemical company that has its headquarters in the Midwest reimburses transferred employees, "as fully as is reasonable," for any capital loss incurred in the sale of their homes. The reimbursements are

"limited to 10% of the depreciated investment exclusive of selling costs and commissions." What's more, the employees will not be reimbursed for "that portion of a capital loss which is due to poor judgment in the original investment or in subsequent improvements, or to a general decline in real estate values." Poor judgment, the company manual says, "involves such factors as peculiarity of location or design, excessive purchase price, or abnormal wear and tear."

Employees on the payroll of a manufacturer of office and computing machines are allowed thirty days after being notified of a transfer to sign an agreement in which the company guarantees them against loss on the sale of their homes. The sales are handled by an approved bank, and the employees must agree to keep the homes attractive and open to prospective buyers for four months and then (unless an extension is granted) move out.

The price at which a home is sold is determined by having the bank select one appraiser and the employee another (from an approved list) to estimate the home's current fair market value. Only the bank instructs the two appraisers, and their value estimates are averaged.¹ The result becomes the price at which the employee must permit the bank to put his home up for sale with real estate brokers.

Any time the bank approves an offer that is no more than 10% below the appraised value, the employee must enter into a sale contract. However, if the "net selling price" (the sales price minus deductions for the real estate broker's commissions up to 5% of the sales price, legal fees and stamp taxes up to \$100, prepayment mortgage penalties up to \$250, and advertising costs up to \$50) is less than the appraised value, the company reimburses the employee for the difference. On the other hand, if the "net selling price" exceeds the appraised value, then the employee has to reimburse the company for appraisal fees, carrying charges, and other direct selling costs up to the amount of such excess.

Help in Buying New Home

Over a fourth of the firms that participated in the 1956 study followed the practice of advancing loans to transferred employees to assist them in purchasing a home at the new location. This practice has continued at about the same ratio. Home-purchase loans are provided for in the policy and procedure manuals of twelve (about a third) of the thirty-five companies that have changed their individual transfer practices since 1956. In addition, three companies guarantee loans that their employees secure from banks, while

¹ When the two value estimates are more than 5% apart, the employee selects a third appraiser. In that event, the average of the three appraisals becomes the appraised value at which the home is listed for sale. However, should the third appraisal be as much as 20% under the lower or above the higher of the first two appraisals, then the matter is submitted to the company for review.

another six companies offer no loan assistance but reimburse their employees for some of the fees they pay in buying a new home.

Ten of the twelve companies that lend money to transferred employees charge no interest on short-term loans. The employees are expected to repay these loans either as soon as they sell their old homes or terminate their employment or within a period that runs, as a rule, for no more than three months (the exception is a chemical company that allows up to six months). If such short-term loans are not repaid within the allotted time, interest is usually imposed from the date of default (one company makes it retroactive to the inception of the loan) at a rate ranging from 3% to 6% per annum.

Only two firms charge interest right from the start on short-term loans. One is an electrical equipment company that buys homes from transferred employees and sells them to other employees at favorable prices. It lends the purchasers an amount up to their yearly pay and gives them nine months to return the loans with "interest at 5% per year, computed on the monthly balance." The other firm is a manufacturer of surgical supplies that states in its policy and procedure manual:

"Recommendations for financial assistance involving short- or long-term loans should be submitted to and approved by line executives. Such help should be extended on a businesslike basis. There should be consideration for money loaned."

On long-term loans, interest is always charged from the date the loan is granted. Three of the companies make such loans. One is the firm that advances both short- and long-term loans "on a businesslike basis," with "consideration for money loaned."

In the other two companies, long-term loans are provided for employees who did not own a home at the time of transfer but wish to purchase one at the new location. One of these companies, a public utility, "will lend the employee such funds as may be necessary to proceed with the purchase." The loan bears interest at the prevailing rate for mortgage loans and must be repaid through payroll deductions over a period not exceeding five years. The other company is a manufacturer of food products. Its employees who want to purchase their first home after a transfer may be required to submit a statement of their assets and liabilities. When an employee's statement is found acceptable, he may borrow from the company, with interest at 3%, an amount that is not to exceed what he himself contributes to the down payment. Repayment is made by payroll deduction at a semimonthly rate of \$9 per thousand.

The ceiling on a purchase loan made to a transferred employee with a home to sell at the old location is likely to be the value of his unencumbered equity in the unsold home. But, sometimes, less than

full equity is allowed. Loans made by a chemical company can never exceed the smaller of "established equity or \$10,000." Employees of an electrical equipment manufacturer who are willing to sell their old homes to the company can, pending approval of title, borrow the amount of their equity less \$1,000 for the purpose of buying a new home. A food products company says it will lend its employees up to 90% of their equity in homes up for sale, then adds:

"In the event that equity in an existing home is insufficient for a down payment on a new home, the company, upon review of the circumstances, may provide an additional amount as a loan. In no case will such amount exceed the employee's equity in the prior home."

Loans made to transferred employees are usually secured by a demand note signed by the employee and his wife. If the loans are not repaid by the time of closing on the new home, the company may take a second mortgage on the new home to insure payment of the loan when the old home is sold. A manufacturer of office and computing machines accepts "a bond and mortgage on the employee's former home . . . only to assist the employee in meeting Federal Housing Administration requirements." And the policy and procedure manual of a surgical supply company states, in connection with home purchase loans, "the interests of the company should be protected by proper legal instruments which may vary depending on circumstances."

As an example of a somewhat different attitude on company loans, here is a statement from the manual of a chemical company that makes no-interest, short-term loans to transferred employees, but only if their resources are tied up in a home they are trying to sell at the old location:

"The company is not in the banking business. If an employee who is moved does not have sufficient resources, either cash or the credit standing to borrow the cash at a bank, for a down payment on a house at his new location, he should be discouraged from undertaking such a purchase. He should, instead, be encouraged to rent quarters."

Of the three companies that guarantee bank loans obtained by their employees, one is an oil company that permits department heads to "approve the guarantee of a short-term loan (not to exceed one year) in the amount necessary to enable an employee to make a down payment" on a home when he is having difficulty securing quarters at a new location. Under like circumstances, a manufacturer of office and computing machines will, if approval is received from the treasurer's division, not only guarantee a bank loan to a transferred employee in an amount equal to his equity in his old home but will also reimburse him for the payment of bank interest charges that stay within the bounds of a maximum allowance for incidental moving expenses. And, finally, a chemical com-

pany provides for guaranteed bank loans to enable employees to purchase a home where suitable facilities cannot be rented or where a hardship would otherwise exist. It adds this qualification:

"The company will not aid an employee in the purchase of a home above the standard of the one he occupied in the location from which he has been transferred."

There are, as previously mentioned, six companies that offer no loan assistance but help transferred employees to buy a new home by paying some of the expenses they incur in doing so. Some of the firms that make loans also pay one or more of these expenses. In all, eight companies reimburse relocated employees for legal fees connected with the purchase of a new home; three companies foot the bill for advertisements taken by employees as a means of finding a place to live at the new location; and one firm, a chemical company, pays all state and federal taxes that transferred employees become liable for in purchasing a new home. Four of the companies include their payment of such costs within coverage of a maximum allowance for incidental moving expenses. And one company stipulates that the costs must have been incurred within six months after the employee was notified of the transfer.

Travel Expenses of Employees and Their Families

Practically all the companies that participated in the 1956 study made allowances for the transportation of transferred employees and their families to the new location. The thirty-five companies that have changed their individual transfer practice since then follow the same pattern. Thirty-one of the thirty-five companies reimburse employees for the expenses they incur in traveling to the new location, while twenty-nine of them pay the travel costs of the employees' families.

Twenty-one of the companies permit transferred employees and their families to travel by air, rail or auto, as they choose, and pay all their eating and sleeping expenses along the way. Five companies restrict the mode of transportation to either rail or auto travel. Four other companies specify that they will pay only for the most economical method of transportation possible. One firm—an oil company—says that "an employee is normally expected to use his personal automobile in lieu of public transportation and should be reimbursed for the expense required to make the trip by direct route with no unnecessary stopovers."

Seventeen companies make special provision for employees who journey to the new location in their own cars. They are reimbursed for the cost of meals and lodging en route. In addition, they get a mileage allowance. This allowance is granted at "the regular mileage rate" in ten companies, at 8 cents a mile in

three companies, at 7 cents a mile in another three companies, and at 4 cents a mile in an air transportation company.

If the employee has two cars and a member of his family drives one of them, three companies pay the mileage allowance on both cars (although one does not pay the en route expenses of the driver of the second car), while an aircraft manufacturer grants "the equivalent of a one-way air fare for the second car." This same manufacturer allows 8 cents a mile on the first car only if the distance between the old and the new job location is less than 150 miles. If the transferred employee has to drive more than 150 miles, he receives the equivalent of a first-class, one-way air fare, including tax. What's more, if he has a trailer and tows it in back of his car, he gets an additional allowance of 20 cents a mile. Two other companies allow extra for trailers; but, by contrast, the allowance is only 7 cents a mile in one case and 8 cents a mile in the other.

Cost of Moving Personal Belongings

Thirty-one (about 90%) of the thirty-five companies that have changed their individual transfer practices since 1956 pay the full cost of packing, transporting and unpacking the furniture and other personal belongings of transferred employees and their families. This is close to the pattern of the 1956 study, which found 93% of the participants paying the full cost.

"Full cost" usually includes what the carrier charges to transport the household furniture and personal effects of the employees and their families to their new location. But some of the thirty-one companies add references to specific items. Four of the companies, for example, expressly state that they will pay the cost of shipping an employee's automobile. A company in the stone, clay and glass products field says it will foot the bill for hoisting and other special equipment needed in the move. A manufacturer of office and computing machines provides for the shipment "of certain heavy items, such as pianos." And an oil company, though it requires employees to "personally arrange for the transfer of articles of highly intrinsic or sentimental value," still pays the bill for transporting them.

On the other hand, a firm in the retail trade does not pay for the transportation of jewelry. The same firm says it will move frozen foods, but will not reimburse losses resulting from spoilage in transit.

Four companies have provisions that deal with moving pets. An insurance company states that it will pay to transport pets, but not to board them. The employees of an oil company are directed to make their own arrangements for the transfer of pets, but the company reimburses the outlay. An airline specifies that "the cost and risk of transporting dogs,

birds and other pets must be borne by the employee." And the employees of an aircraft manufacturer are told that the company will not pay "for the inoculation and shipment of household pets."

Unusual approaches have been adopted by some of the companies that pay the full cost of moving the personal belongings of transferred employees. An insurance company will pay moving expenses only when they are incurred by *married* employees.

The policy and procedure manual of a manufacturer of office and accounting machines contains a unique "all or nothing" provision. Should a transferred em-

ployee decide to ship *none* of his household and personal effects, the company will pay him what it would have cost (as estimated by a carrier selected by the company) to ship all the belongings left behind. However, if the employee decides to ship *some* of his belongings, the company pays just the actual shipping costs—nothing for the belongings left behind.

Another three companies make allowance for a second move at company expense. In the event one of their employees has to transfer before he can find permanent living quarters at the new location, with the result that he is forced to rent temporary quarters there or to put his belongings in storage, these companies will pay the expenses of the initial move to the temporary site, then pay for a second move when the employee manages to secure permanent living quarters. All three of them require, as a condition of payment, that the second move be accomplished within a given period after the transferred employee makes his initial move. This qualifying period is six months for the employees of a maker of office and computing machines, "six months to a year" for the employees of an oil company, and one year for the employees of a Canadian manufacturer.

The four companies that do not pay the full cost of moving the personal belongings of transferred employees and their families impose maximum weight limitations. Two of them are aircraft manufacturers. One provides for weight limitations that will be "governed by the provisions of each program involving the movement of household effects" and obliges transferred employees "to pay for the movement of furniture in excess of the allowable weight." The other company says it will ship a maximum of 8,000 pounds of household and personal effects at company expense and specifies that it will not pay for the transportation of "bulky or heavy hobby equipment such as lathes, band saws, drill presses, boats, boat trailers, etc." The two remaining companies that impose weight limitations are air lines. Both fix the limitation at "7,000 pounds gross weight, including weight of crating," but one also permits transferred men to ship "up to 300 pounds of personal effects by company deadhead."

Less than half of the firms in the 1956 study that paid all or part of the expenses of moving the belongings of transferred employees permitted the employees to select the carrier. By contrast, twenty-four (better than two-thirds) of the thirty-five companies that have changed their individual transfer practices since then leave the choice of the carrier to their employees. In most cases, however, it is provided that the carrier chosen must be approved by the company.

Insurance on Transported Belongings

Following the pattern of the 1956 study, twenty-seven (close to 80%) of the thirty-five companies include statements in their policy and procedure manuals

Tax on Company Payments for Moving Expenses

When a company pays all or part of the moving expenses of an employee, does the employee become liable for federal income tax on the amount of such payments?

To a large extent, the answer to this question depends on whether the employee making the move is a new or an old employee.

New employees: A newly hired employee must count all payments the company makes to move him as taxable income. Such payments, considered wages by the Internal Revenue Service, are subject to withholding. What's more, should the company pay an added amount to cover the tax, this addition pyramids the employee's tax liability.

Old employees: If an employee already working for a company is transferred from one work location to another at his own request, his company, as a rule, will not pay any of the moving expenses he incurs. There are occasional exceptions, however; and when they occur, the employee is subject to income tax on the full amount of the company payments.

When transfers are carried out at the company's request, the employee's tax position is different. He is allowed to treat actual moving expense payments made by the company, either directly or through reimbursements, as nontaxable income. If the reimbursements exceed the amounts the employee actually spent on the move, the excess over his expenditures is taxable income. On the other hand, if the company's reimbursements fall short of the employee's actual moving expenses, the deficit is not deductible.

It is definitely established that allowances paid by a company to move an employee, "his immediate family, household goods and personal effects" are not taxable. But the Internal Revenue Service has not ruled formally as to whether such nontaxable allowances include company payments or reimbursements for miscellaneous expenses connected with the move, such as charges for disconnecting and connecting electrical appliances.

There has been a formal ruling, however, to the effect that the employee is taxable on amounts he receives as allowances for the meals and lodging of himself and his family while awaiting permanent quarters at his new post of duty.

that allow for the payment of insurance coverage when the furniture and other personal belongings of transferred employees are being moved to the new location.

Only five of the twenty-seven companies place a limit on how much they are willing to pay for insurance. Two companies suggest that any employee moving items that have a sentimental or antique value higher than their market value arrange for additional insurance at their own expense. A firm in the stone, clay and glass products industry is willing to insure transported goods up to the amount of the owner's fire insurance coverage. An aircraft company will insure belongings at the rate of \$1 per pound up to a maximum insurance cost of \$50. And a machinery manufacturer states that "household belongings will be insured at the rate of \$1.25 per pound unless the director of procurement and material services is specifically notified that their value warrants a higher rate."

Storage Costs

About half the firms that participated in the 1956 study paid storage charges. These charges are defrayed by twenty (close to 60%) of the thirty-five companies that have changed their individual transfer practices since 1956.

Four of the twenty companies merely say that they pay "reasonable storage charges"; three pay such charges "for a limited time"; another three pay them "if approved in advance"; and an electrical equipment manufacturer pays "any necessary storage either before or following shipment."

The other nine companies draw a definite line on the length of time they are willing to foot the bill for storage charges. A maker of office and computing machines will pay storage charges for as long as six months if a transferred employee "temporarily rents a furnished residence at the new location." Storage costs are met by an air line for up to 120 days (longer, with approval) if an employee finds it impossible to secure new quarters. Two of the companies stand the cost of storage for up to ninety days, while a machinery manufacturer states that it will pay storage expenses "incurred in the ninety-day period following date of notification of transfer." In the four remaining companies, one places a limit of two months on the payment of storage charges; the other three fix the limit at thirty days.

Temporary Living Expenses

The 1956 study found that temporary living expenses were paid for employees by about 87% of the participants and for the families of employees by about 55% of the participants. Approximately the same percentages hold true for the companies that have revised their practices. Twenty-eight (exactly 80%) of the thirty-five companies that have changed their individual transfer practices since 1956 provide in their policy

and procedure manuals for the payment of the temporary living expenses of employees who are transferred, while seventeen of them (close to 50%) say they pay such expenses for the families of transferred employees.

Expenses of Employees: Seven of the twenty-eight companies that pay the temporary living expenses of transferred employees pay them until the employees are established in permanent quarters; they make no further qualification. Three companies impose a limit of ninety days on the payment; four companies place the limit at sixty days. A machinery manufacturer says it is willing to pay the expense of hotel living for up to eight weeks but, after that, "the employee will be asked to accept on an interim basis somewhat less expensive accommodation than a hotel affords." Another company—a maker of office and computing machines—states that it will pay temporary living expenses for as much as eight weeks if the transferred employee is married, but for no more than two weeks if he is single.

Eight companies reimburse employees in temporary quarters for up to thirty days—one of them restricts the thirty-day maximum to married employees and sets the maximum at just seven days for single employees; another permits the thirty days "under exceptional circumstances" only; still another pays for hotel accommodations for no more than thirty days and then "the difference between his expenses on a temporary basis and his estimated expenses on a regular basis."

Two air lines provide a per diem allowance for employees who have not procured permanent quarters at a new location for a maximum of twenty-one days (one of them fixes the maximum at seven days for single employees). An oil company will pay the temporary living expenses of transferred employees for no more than two weeks. And, finally, a retailer pays relocated married and single employees who have not found suitable living quarters the "difference between normal living expenses at their former home and actual cost at the new location."

Expenses of the Families of Employees: If the family of a transferred employee arrives at the new location before acceptable quarters have been found, or while the furniture is still in transit, the temporary living expenses of the family members are paid for a maximum of one month in six companies, three weeks in one company, fifteen days in another company, two weeks in three companies, one week in two companies, three days in one company, and "several days" in two companies. The remaining company pays the temporary living expenses of family members indefinitely, but only to the extent that they exceed normal living expenses. Incidentally, five of the companies that pay full expenses for a stated period make this same allow-

ance for higher living costs at the new location after the full-expense period has run out.

Trips to Visit Family

Almost half the companies that participated in the 1956 study paid the travel expenses of transferred employees returning to visit their families who had not yet made the move to the new location. By contrast, allowances are made for such visits by only five (one-seventh) of the thirty-five companies that have changed their individual transfer practices since 1956.

If the employees of a machinery manufacturer are separated from their families for more than eight weeks, they may make a visit at company expense. A chemical company allows a visit every two weeks "if the distance is not too far." The employees of a manufacturer of electrical equipment are permitted "an occasional trip." Week-end visits, with the company paying the costs incurred, are provided by a Canadian company. And a fabricator of metal products pays the full cost of a visit made by an employee who has to return to the old location to "close on the sale of his home."

Incidental Moving Expenses

About 40% of the firms that participated in the 1956 study made allowance for incidental moving expenses. Specific provision for the payment of these expenses is included in the policy and procedure manuals of twenty-three (about 66%) of the thirty-five companies that have changed their individual transfer practices since 1956. In addition, another three companies expressly declare that they do *not* pay such expenses as a matter of policy.

The twenty-three companies that pay incidental moving expenses make the payments in varying amounts. Eight of the companies reimburse transferred employees for all approved incidental expenses resulting directly from their transfer. A Canadian company grants "a comprehensive allowance fixed in advance." The other fourteen companies impose the following maximums on payments for incidental moving expenses:

Number of Companies	Maximum Payment
2	Up to one month's pay
1	Up to one week's pay
1	Up to \$200
1	Up to greater of \$200 or one week's pay
1	Up to \$300 or two weeks' pay, whichever is greater
1	Up to four weeks' pay for married employees only
1	\$100 if transferred employee has dependents; \$35 if he has no dependents
1	\$100 for transferred employees who do not own their own home; \$300

for home owners earning less than \$10,000 a year; 3% of annual salary up to \$500 for homeowners earning over \$10,000 a year

1	\$400 if transferred employee owns home at old, and buys home at new, location; \$300 if he moves from a rental to his own home; \$150 if he moves into a rental
1	2% of annual salary if transferred employee has no dependents; 5% if he has one dependent; 5% plus \$50 for each dependent over one if he has two or more dependents
1	Up to 5% of annual salary
1	Up to 7% of annual salary, or actual incidental expenses as itemized
1	Up to cost of three round-trip air line tickets between new and old location <i>plus</i> \$1,000 or one month's earnings, whichever is greater

Not all of these companies regard the term "incidental moving expenses" in the same light. Most of them restrict its application to the generally accepted meaning—such expenses as those incurred in disconnecting household appliances at the old home and connecting them at the new, in re-erecting television antennas and refitting rugs and drapes, in buying new auto license plates and driver's license, in joining new clubs, or in enrolling children in different schools.

A few of the thirty-five companies, however, give the term a broader interpretation. They include within its scope such expenses as the cost of advance trips to locate living quarters, the payments made to cancel unexpired leases, and the charges incurred in buying or selling a home. When these expenses were discussed earlier in this article, the fact that some companies included them within the maximum allowed for incidental moving expenses was noted wherever that was the case.

GROUP MOVES

The transfer of a group of employees from one company plant or office to a different one some distance away is not an usual occurrence. When such a move becomes necessary, it calls for special provisions that must be tailored to meet the conditions prevailing at the particular time and place.

It is not surprising, therefore, that the subject of group moves receives little or no attention in the policy and procedure manuals of the thirty-seven companies that have either adopted new moving expense practices since 1956 or revised the ones they followed at that time. Only five of them make any mention of group moves. As already reported, a company that manufactures office and computing machines lists "group moves in sufficient numbers to distort the market value of real estate in a particular

What Companies Pay Toward the Moving Expenses of New Hires

Company	Travel Costs					Other Provisions
	For Employee	For Family	Cost of Moving Furniture	Insuring Furniture	Storage of Furniture	
A (Metal products)	1st class RR fare—lower berth; meals en route	a	Full cost	a	a	"Reasonable" incidental expenses
B (Machinery)	1st class by "shortest route"; living expenses en route	1st class by "shortest route"; living expenses en route	Full cost	At rate of \$1.25 per lb.; more if value warrants	a	One 2-day advance trip to new location for married employee and wife to hunt new quarters
C (Photographic equipment)	a	a	Full cost	Full cost	a	a
D (Machinery)	(This company pays moving expenses of new hires only in unusual cases; payments depend on level of position to be filled and the company's need for particular skills)					
E (Aircraft manufacturer)	Up to 1st class air rates, plus meals; if by car or house trailer, 7¢ per mile for up to 2 cars, plus \$10 daily subsistence (figured at 350 miles per day)	Up to 1st class air rates, plus meals; if by car, daily subsistence of \$10 for wife, \$5 for each dependent up to two	Ranging from cost for 4,000 lbs. (or, if less, cost equal to 1 mo.'s pay) up to no limit, depending on job level of new hire	Up to \$25 cost	Up to 30 days	a
F (Food products)	(This company pays the moving expenses of new hires only in special circumstances and when approval of payment is secured from unit manager before commitment is made)					
G (Rubber products)	1st class rail or air fare—plus meals, lodgings, etc. en route	1st class rail or air fare—plus meals, lodgings, etc. en route	Full cost of packing and shipping household and personal effects to location or to new hire's 1st assignment	Full cost	Up to 1 mo., plus cost of removal from storage	New hires may have federal withholding tax due on company's payment of their travel and moving expenses deducted from their pay over 2 mos.
H (Insurance)	Full cost if approved in advance by interested dept. head	a	a	a	a	a
I (Surgical equipment)	(This company pays moving expenses of new hires only in exceptional cases and with prior approval)					

What Companies Pay Toward the Moving Expenses of New Hires—Continued

Company	Travel Costs		Cost of Moving Furniture	Insuring Furniture	Storage of Furniture	Other Provisions
	For Employee	For Family				
J (Chemicals)	Personal expenses en route for new salesmen and district managers only	Personal en route expenses for family of new salesmen and district managers	Actual cost of moving household goods plus cost of removal and installment of fixed household appliances	a	Full cost, when required	Temporary housing and subsistence for up to 90 days for new salesmen and district managers
K (Aircraft manufacturer)	Full cost, but only in exceptional cases and after approval	a	Full cost, but only in exceptional cases	a	a	a
L (Chemicals)	For both new college recruits and exempt new hires: full cost; or, if by car, 7¢ per mile, plus cost of meals, lodging, parking, and toll fares en route	For families of both new college recruits and exempt new hires: full cost; or, if by car, cost of necessary expenses en route	For married new college recruits: full cost of packing and moving household furniture and personal property (not boats, horses, etc.); for exempt hires: full cost of packing and moving household goods and personal properties (including boats, horses, autos, home workshops, etc.; if approved)	For both new college recruits and exempt new hires: full cost	For both new college recruits and exempt new hires: full cost, if approved in advance	For new college recruits (when advisable): cost of temporary lodging, meals, laundry, etc. for up to 1 mo.; for exempt new hires: personal living costs for up to 3 mos., plus occasional trips back to family, if moving before family; hotel, meals, laundry, valet, etc. for employee and family for up to 1 wk. if moving with family. Also, to help pay taxes, a bonus equal to 20% of what company pays toward move for new college recruits and equal to 20% to 80%, graded by earnings, for exempt new hires
M (Petroleum products)	For new college recruits only: full cost; if by car, 8¢ per mile, plus cost of meals and lodging	Full cost; or if by car, cost of meals and lodging	For new college recruits only: full cost of packing and shipping furniture and household effects of employee and family to place of regular employment	For new college recruits only: full cost	For new college recruits only: full cost of temporary storage	a
N (Electrical equipment)	Full cost	Full cost	Up to \$1,000 for packing, shipping, insuring in transit, unpacking, and storing up to 3 mos. the personal household effects of new hires who are married or heads of families			a

a The company's policy and procedure manual makes no provision for the payment of this expense.

location" as one of the instances in which it is willing to liberalize its payment of employee moving expenses.

A producer of transportation equipment adds this statement at the end of the provisions it makes in its manual for paying moving expenses resulting from the transfers of individual employees:

"This policy does not apply to group transfers arising from the establishment, relocation, or termination of a company activity; policy for these transfers will be determined at the time of the move."

The other three companies that mention group moves—two chemical companies and a fabricator of metal products—include a statement along these lines in their manuals:

"When special circumstances, such as discontinuance of an operation at a location, require relocation of a substantial number of employees, determination of a special policy to fit the situation may be necessary. In this event, the division head involved shall make appropriate recommendation to the director of personnel administration through whom authorization of the corporate president must be secured before any commitment is made."

MOVES OF NEWLY HIRED EMPLOYEES

About 60% of the firms that answered the questionnaire for the 1956 study paid moving expenses for at least one category of newly hired employees. By contrast, provision for paying the moving expenses of such employees appear in the policy and procedure manuals of only fourteen (about 40%) of the thirty-seven companies that have either adopted new mov-

ing expense practices since 1956 or revised the ones they followed at that time (see table on page 30).

The different figures may be explained by the fact that many companies do not pay the moving expenses of new employees unless it becomes necessary to do so in order to acquire the services of a particular employee. Therefore by making no mention of new hires in the moving expense provisions of their policy and procedure manuals, they are left free to handle the matter on a strictly individual basis.

As the table shows, other firms retain freedom of action by specifying in their policy and procedure manuals that the moving expenses of new hires are to be paid only in exceptional cases. Company N writes that it will pay moving expenses "only when the training and specialized skills of a man being hired are not available locally." Company D adds this qualification:

"It is expected that those who have the responsibility for making final offers of employment will exercise good judgment when making arrangements to pay the moving expenses of a new employee. Such arrangements must be approved jointly by the new division head and the head of the personnel division before commitments are made."

Going a step further, a manufacturer of stone, clay and glass products makes the flat statement in its policy and procedure manual that it "does *not* pay household moving expenses for newly hired employees."

J. ROGER O'MEARA

Division of Personnel Administration

Management Bookshelf

People, Problems, and Profits—The author of this volume, a consultant with the International Business Machines Corporation, sets himself the task of explaining psychology to management. He reasons that only an executive "who has acquired an informed, critical understanding of applied psychology can help the psychological expert to deliver the best service that he and his profession have to offer." The writing is popular and touches on a number of subjects (such as testing, motivation, communication, and management development) of interest to executives. *By Saul W. Gellerman, McGraw-Hill Book Company, 330 West 42nd Street, New York, New York, 1960, 254 pp., \$5.95.*

New York University Twelfth Annual Conference on Labor—This is a compilation of the eighteen lectures on various fields of labor relations which were delivered at the 1959 NYU conference. Among the topics treated are problems in labor law, strikes, and the arbitration of labor disputes. *Edited by Emanuel Stein, Matthew Bender & Company, Inc., 255 Orange Street, Albany, New York, 306 pp., \$11.50.*

Communication in Business and Industry—The authors, teachers at the Carnegie Institute of Technology and communications consultants, discuss principles that are basic to forceful and effective communication, both written and oral. The preparation and organization of material is described, and attention is given to fundamentals such as sentence structure and punctuation. A chapter is devoted to report writing. At the conclusion of each chapter are illustrative materials. *By William M. Schutte and Erwin R. Steinberg, Holt, Rinehart and Winston, Inc., 333 Madison Avenue, New York, New York, 1960, 393 pp., \$4.75.*

Increasing Sales Efficiency—Proceedings of the conference on sales and marketing management held by the University of Michigan in March, 1959. Ten speakers present their viewpoints on various marketing topics, ranging from "What Is Happening to Marketing Costs" to "An Anthropologist Looks at Marketing." *Edited by Frederick E. May, Michigan Business Papers, Number 35, Bureau of Business Research, School of Business Administration, The University of Michigan, Ann Arbor, Michigan, 1959, 163 pp., \$4.*

Significant Labor Statistics

Item	Unit	1960							Year Ago	Percentage Change	
		July	June	May	Apr.	Mar.	Feb.	Jan.		Latest Month over Previous Month	Latest Month over Year Ago
Consumer Price Index (BLS)											
All Items.....	1947-1949 = 100	126.6	126.5	126.3	126.2	125.7	125.6	125.4	124.9	+0.1	+1.4
Food.....	1947-1949 = 100	120.6	120.3	119.7	119.5	117.7	117.4	117.6	119.4	+0.2	+1.0
Housing.....	1947-1949 = 100	131.3	131.3	131.2	131.4	131.3	131.2	130.7	129.0	0	+1.8
Apparel.....	1947-1949 = 100	109.1	108.9	108.9	108.9	108.8	108.4	107.9	107.5	+0.2	+1.5
Transportation.....	1947-1949 = 100	145.9	145.8	145.6	146.1	146.5	147.5	148.1	146.3	+0.1	-0.3
Medical care.....	1947-1949 = 100	156.4	156.1	155.9	155.5	155.0	154.7	153.5	151.0	+0.2	+3.6
Personal care.....	1947-1949 = 100	133.4	133.2	133.2	132.9	132.7	132.6	132.7	131.3	+0.2	+1.6
Reading and recreation.....	1947-1949 = 100	121.6	121.1	121.4	121.1	120.9	120.6	120.3	119.1	+0.4	+2.1
Other goods and services.....	1947-1949 = 100	132.2	132.0	131.9	131.9	131.7	131.8	131.8	130.8	+0.2	+1.1
Employment Status (Census)											
Civilian labor force.....	thousands	72,706	73,002	70,667	69,819	68,473	68,449	68,168	71,338	-0.4	+1.9
Employed.....	thousands	68,689	68,579	67,208	66,159	64,267	64,520	64,020	67,594	+0.2	+1.6
Agriculture.....	thousands	6,885	6,856	5,837	5,393	4,565	4,619	4,611	6,825	+0.4	+0.9
Nonagricultural industries.....	thousands	61,805	61,722	61,371	60,765	59,702	59,901	59,409	60,769	+0.1	+1.7
Unemployed.....	thousands	4,017	4,423	3,459	3,660	4,206	3,931	4,149	3,744	-9.2	+7.3
Age Earners (BLS)											
Employees in nonagricultural establishments, total.....	thousands	p 53,171	r 53,535	r 53,195	53,076	52,398	52,284	52,302	n.a.	-0.7	n.a.
Employees in nonagricultural establishments, without Alaska & Hawaii ¹	thousands	p 52,910	r 53,284	r 52,957	52,844	52,172	52,060	52,078	52,343	-0.7	+1.1
Manufacturing.....	thousands	p 16,249	r 16,414	r 16,348	16,380	16,478	16,520	16,470	16,410	-1.0	-1.0
Mining.....	thousands	p 656	r 679	r 677	677	666	669	658	710	-3.4	-7.6
Construction.....	thousands	p 3,102	r 2,983	r 2,830	2,590	2,312	2,389	2,453	3,035	+4.0	+2.2
Transportation and public utilities.....	thousands	p 3,933	r 3,942	r 3,924	3,917	3,900	3,887	3,882	3,949	-0.2	-0.4
Trade.....	thousands	p 11,586	r 11,620	r 11,543	11,620	11,325	11,329	11,424	11,324	-0.3	+2.3
Finance.....	thousands	p 2,527	r 2,495	r 2,469	2,463	2,444	2,439	2,429	2,475	+1.3	+2.1
Service.....	thousands	p 6,721	r 6,746	r 6,717	6,644	6,511	6,484	6,474	6,603	-0.4	+1.8
Government.....	thousands	p 8,136	r 8,405	r 8,449	8,553	8,536	8,343	8,288	7,837	-3.2	+3.8
Production and related workers in mfg. employment											
All manufacturing.....	thousands	p 12,155	r 12,330	r 12,292	12,334	12,435	12,494	12,449	12,433	-1.4	-2.2
Durable.....	thousands	p 6,886	r 7,057	r 7,084	7,123	7,205	7,268	7,230	7,161	-2.4	-3.8
Nondurable.....	thousands	p 5,269	r 5,273	r 5,208	5,211	5,230	5,226	5,219	5,272	-0.1	-0.1
Average weekly hours											
All manufacturing.....	number	p 39.8	40.0	r 39.9	39.4	39.7	39.8	40.3	40.2	-0.5	-1.0
Durable.....	number	p 40.1	40.4	r 40.4	39.9	40.3	40.4	41.0	40.5	-0.7	-1.0
Nondurable.....	number	p 39.4	39.5	r 39.3	38.6	38.8	39.0	39.4	39.8	-0.3	-1.0
Average hourly earnings											
All manufacturing.....	dollars	p 2.29	2.29	r 2.29	2.28	2.29	2.29	2.29	2.23	0	+2.7
Durable.....	dollars	p 2.44	2.45	2.44	2.44	2.45	2.45	2.46	2.39	-0.4	+2.1
Nondurable.....	dollars	p 2.08	2.08	2.07	2.06	2.06	2.05	2.05	2.01	0	+3.6
Average weekly earnings											
All manufacturing.....	dollars	p 91.14	91.60	r 91.37	89.83	90.91	91.14	92.29	89.65	-0.5	+1.7
Durable.....	dollars	p 97.34	98.98	r 98.58	97.36	98.74	98.98	100.86	96.80	-1.2	+1.1
Nondurable.....	dollars	p 81.95	82.16	81.35	79.52	79.93	79.95	80.77	80.00	-0.3	+2.4
Straight time hourly earnings (estimated)											
All manufacturing.....	dollars	p 2.23	2.23	2.23	2.23	2.24	2.23	2.22	2.17	0	+3.2
Durable.....	dollars	p 2.37	2.37	2.37	2.38	2.38	2.37	2.37	2.32	0	+2.6
Nondurable.....	dollars	p 2.03	2.03	2.02	2.01	2.02	2.01	2.00	1.96	0	+3.6
Turnover Rates in Manufacturing (BLS)											
Separations.....	per 100 employees	n.a.	3.2	3.3	3.6	3.7	3.0	2.9	3.3	n.a.	n.a.
Quits.....	per 100 employees	n.a.	1.1	1.1	1.1	1.0	1.0	1.0	1.3	n.a.	n.a.
Layoffs.....	per 100 employees	n.a.	1.6	1.6	2.0	2.2	1.5	1.3	1.4	n.a.	n.a.
Accessions.....	per 100 employees	n.a.	3.6	r 3.2	2.8	2.7	2.9	3.6	3.3	n.a.	n.a.

The following eight industries also exclude Alaska and Hawaii.

p Preliminary.

r Revised.

n.a. Not Available.

Wage and Fringe Developments in Bargaining

A contract in the potash industry integrates sick-leave pay with wage replacement insurance. The plan also supplements the workmen's compensation allowance

DISABILITY benefit payments to employees who undergo treatment for alcoholism are among the new features of a contract between the six major producers in the potash industry in New Mexico and three different unions.¹ In addition, the contract sets up a unified disability benefits program by integrating the sick-leave pay plan with group wage replacement insurance and workmen's compensation payments.

Here is how the disability plan works. After thirty days' employment with the company, an employee becomes eligible for five days' sick-leave benefits. Thereafter he receives five additional days of benefit credit for each year of service. Sick-leave benefits not used during one year are carried over into succeeding years. In cases of nonoccupational disability, benefit payments begin on the second day of illness or injury. But if the employee is hospitalized or is injured on his job, payments begin the first day.

For the first week of disability (the first five scheduled working days) the employee receives sick-leave payments equivalent to his base pay. During the second week of disability, benefit payments are reduced to one-third the employee's base rate. And during the third and subsequent weeks of continued disability, benefit payments are equivalent to a fourth of a day's pay for each scheduled day of disability.

In addition to the above, beginning with the eighth day of nonoccupational disability, the employee receives payments from the group insurance plan which amount to \$60 a week for a maximum of twenty-six weeks. If the disability still exists when insurance payments are exhausted, the plan permits the employee to resume withdrawal of sick-leave credits up to the full remainder of his accumulated total. At this point, withdrawal is made on the basis of a full day of pay for each scheduled working day of disability.

An employee who becomes a patient for the cure of alcoholism is covered by the disability plan, but, in this case, benefit payments are made only during the

period of hospitalization. The contract also provides for sick-leave benefits in the case of mental illness.

Supplementation of workmen's compensation is another aspect of the disability-benefits program. When an employee is injured in the course of his employment, he is entitled, under the New Mexico Workmen's Compensation law, to a maximum of \$38 a week. To this allowance, the companies agree to add an amount sufficient to bring the total payment to \$60 a week. The contract stipulates that supplementation is to begin on the eighth day of disability and is to be continued as long as weekly benefits are paid under the workmen's compensation plan.

In addition to these features, the two-year contract increases wage rates during the first year by 8 cents an hour and converts the former production bonus into base rates. In determining the conversion rate to be used, the companies arrived at the weighted average bonus paid by the six companies during the last year of the old contract. This amounts to 21.55%.

In addition to the conversion, two of the six companies (the Southwest Potash Corporation and the Potash Company of America) are continuing the old bonus for the purpose of paying employees for any production in excess of the converted amount. For example, if under the old bonus system, production called for payment of a bonus of 25%, the two companies involved would now pay the difference between 21.55%, the conversion point, and 25%. Wage rates during the second year of the contract are increased an additional 9 cents an hour.

Other changes include increased shift premiums (from 4 cents and 8 cents to 6 and 12 cents) and liberalized vacation and funeral-leave provisions. A modified union-shop clause is also included which makes it possible for employees who are not members of the union to continue in their jobs without becoming union members.

Aircraft Industry Negotiates Extended Unemployment Benefits

A feature of recent contract settlements in the aircraft industry is a special unemployment benefits plan. The Douglas Aircraft contracts with IAM and UAW are typical examples. The UAW agreements
(Continued on page 40)

¹ The six companies are: US Borax & Chemical Corporation, the Potash Company of America, the International Minerals & Chemical Corporation, the Duval Sulphur & Potash Company, the Southwest Potash Corporation, and the National Potash Company. The contract pertains to operations of these companies in Carlsbad, New Mexico.

The unions are: the United Stone and Allied Products Workers of America, the International Association of Machinists, and the International Union of Operating Engineers.

Significant Pay Settlements

Company, Union ¹ and Duration of Contract	Pay Adjustments	Fringe Adjustments
DURABLE MANUFACTURING		
Electrical Machinery		
Dressograph-Multigraph Corp. with UM in Cleveland, Ohio. 2,100 hourly Effective 6-6-60. Contract expired New contract: 3 years	8¢ per hour general increase Deferred increase: 7¢ per hour general increase 6-6-61 and again on 6-6-62	Revised: Vacation and holiday provisions; group health insurance
Electrical Industries, Division of Philips Elec- tronics, Inc., with UE in Murray Hill, N. J. 500 hourly Effective 6-10-60. First contract Contract expires in 2 years	5% (8¢ to 15¢ per hour) general increase Deferred increase: 4% (7¢ to 14¢ per hour), effective 2nd year	Added: 9th holiday, effective 2nd year
Master Refrigerator with UE in Hudson, N. Y. 100 hourly Retroactive to 2-24-60. Contract expired New contract: 2 years	8¢ per hour general increase Deferred increase: 8¢ per hour, effective next year	Added: Company contribution of 6¾¢ per hour for IUE pension plan; \$5,500 company-paid life insurance; 8th paid holiday; supplemental jury duty pay Revised: Hospital, medical and surgical insur- ance plan
Nonelectrical Machinery		
Teamery Package Mfg. Co. with UM in Fort Atkinson, Wis. 180 hourly Retroactive to 9-1-59. (Signed 5-30-60.) Con- tract expired New contract: 3 years	5¢ to 7¢ per hour general increase Deferred increase: 5¢ to 7¢ per hour effective 9-1-60; 5¢ to 7¢ per hour effective 9-1-61; \$3.17 new top rate for tool & die makers in 1961	Added: 7th paid holiday Revised: Pension & health & welfare benefits increased
Compton & Knowles Packaging Corp. with UM at Holyoke, Mass. 100 hourly Effective 7-7-60. First contract Contract expires in 1 year	5¢ per hour general increase 10¢ per hour shift differential. Four hours' re- porting pay; two hours' call-in pay	Revised: Sick leave pay
Food Machinery & Chemical Corp., Hydrody- namics Division, with Molders & Foundry Workers in Indianapolis, Ind. 110 hourly Effective 7-1-60. Contract expired New contract: 1 year	7¢ per hour general increase	Added: 3 weeks' vacation after 12 years Revised: Jury duty pay
Green-Johnson Machine Co. with UM in Minneapolis, Minn. 100 hourly Effective 6-1-60. Contract expired New contract: 1 year	4% to 6% general increase	Revised: Health & welfare plan
His Elevator Co. with UE in Harrison, N. J. and Yonkers, N. Y. 4,700 production, maintenance, clerical & technical employees Effective 6-1-60. Wage reopener Contract expires 5-31-61	3% general increase to hourly and clerical em- ployees; 4% increase to maintenance em- ployees and inspectors (averaging 6¢ to 10¢ an hour)	No change
Seridan Machine Co. with UE in Easton, Pa. 180 hourly Effective 6-9-60. Contract expired New contract: 3 years	10¢ per hour general increase; cost-of-living clause eliminated Deferred increase: 10¢ per hour effective 2nd year; 11¢ per hour effective 3rd year	Added: Jury duty pay; 4 weeks' vacation after 25 years; 2nd lunch period of 20 minutes (company-paid) after 10 hours' work Revised: Sickness & accident benefits; pension benefits; funeral leave provisions
Printing and Publishing		
Minneapolis Star & Minneapolis Tribune with typographers in Minneapolis, Minn. 326 hourly Retroactive to 1-1-60. (Signed 5-27-60.) Con- tract expired New contract: 2 years	12¢ per hour general increase Deferred increase: 9¢ per hour effective 1-1-61	Added: Funeral leave up to 3 days at ½ pay; 4 hours' pay for holiday falling in week em- ployee is on vacation
and with camsters, ind., in Minneapolis, Minn. 167 hourly Retroactive to 1-1-60. (Signed 5-27-60.) Con- tract expired New contract: 2 years	Same as above	Same as above

Significant Pay Settlements—Continued

Company, Union ¹ and Duration of Contract	Pay Adjustments	Fringe Adjustments
and with <i>Printing Pressmen</i> in Minneapolis, Minn. 138 hourly Retroactive to 3-1-60. (Signed 5-13-60.) Wage reopener Contract expires 2-28-62	12¢ per hour general increase	No change
and with <i>Stereotypers</i> in Minneapolis, Minn. 51 hourly Retroactive to 3-1-60. (Signed 6-10-60.) Contract expired New contract: 2 years	12¢ per hour general increase Deferred increase: 9¢ per hour effective 3-1-61	Added: 3 days' funeral leave at ½ pay; 4 hour holiday pay if holiday falls in week employment is on vacation
and with <i>IAM</i> in Minneapolis, Minn. 7 hourly Retroactive to 4-1-60. (Signed 6-3-60.) Contract expired New contract: 2 years	12¢ per hour general increase Deferred increase: 9¢ per hour effective 4-1-61	Added: Up to 3 days' funeral leave at ½ pay; 4 hours' holiday pay for holiday falling in vacation period
Stone, Clay and Glass Products		
Libbey-Owens-Ford Glass Co. with <i>Glass & Ceramic Workers</i> in Ottawa, Ill.; Shreveport, La.; Charleston, W. Va.; Toledo, Ohio. 10,099 hourly Wage reopener Contract extended from 10-25-60 to 10-25-61	No general increase. Guaranteed minimum rate of \$2.21 per hour; special pool bonus increased 4¢ per hour	Revised: Noncontributory life ins. increased by \$1000 for men and by \$500 for women; sickness and accident insurance increased to \$10 per week for 28 weeks; increased company contribution to hospital-surgical benefits; increased pension benefits
Pittsburgh Plate Glass Co. with <i>Glass & Ceramic Workers</i> at various locations. 10,000 hourly Wage reopener Contract extended from 2-16-61 to 2-16-62	No general increase Deferred increase: 4¢ per hour for employees not on incentive or bonus effective 2-16-61	Revised: Increased noncontributory group life insurance benefits; increased sickness & accident benefits effective 10-1-60; increased company contribution to hospital & surgical benefits plan for single employees and employee dependents; and increased pension benefits effective 9-1-60
Transportation Equipment		
Beech Aircraft, Inc. with <i>IAM</i> in Wichita, Kan. Approximately 5,500 hourly Effective 6-6-60. Contract expired New contract expires 7-2-62. Reopening 2nd year	2½% (5¢ to 8¢ per hour) general increase; revised escalator provisions	Revised: Increased group insurance benefits
Bethlehem Steel Co., Shipbuilding Div., with <i>Marine & Shipbuilding Workers</i> at various East Coast locations. 17,000 hourly and salaried Effective 6-23-60. Contract expired 7-31-59 New contract expires 5-31-63	4¢ per hour general increase Deferred increase: 5¢ per hour effective 8-1-60; 11¢ per hour effective 8-1-61; 5¢ per hour effective 8-1-62	Revised: Pension, sickness & accident; hospital & life insurance benefits
and with <i>Technical Engineers</i> at Quincy, Mass. 800 draftsmen Effective 6-27-60. Contract expired 9-30-59 New contract expires 7-31-63	Same as above	Same as above
Douglas Aircraft Company, Inc. with <i>UAW</i> at Long Beach, Cal. 14,400 hourly Effective 6-20-60. Contract expired New contract: 2 years	No immediate general increase. Job adjustments for specific classifications resulting in upgrading and wage increases 4¢ cost-of-living adjustment added to base rates. Time and one-half for pre-shift work on Mondays and the day before a holiday Deferred increase: 7¢ per hour 6-19-61; cost-of-living schedule revised, effective 6-20-61	Revised: Pension plan revised 12-1-60; insurance plan, 8-1-60; extended layoff benefits, 7-1-60
and with <i>IAM</i> at Santa Monica, Cal. 15,000 hourly Effective 7-4-60. Contract expired New contract: 2 years	Employees at field test bases who are in the top four or five labor grades receive 55¢ an hour general increase. All other employees receive the same as UAW above, except that deferred increase becomes effective 7-3-61	Same as above plus transportation, mileage, and per diem allowance

Significant Pay Settlements—Continued

Company, Union ¹ and Duration of Contract	Pay Adjustments	Fringe Adjustments
Other Durables		
Dollinger Corp. with <i>UUE</i> in Rochester, N. Y. 100 hourly Effective 6-20-60. Contract expired New contract: 3 years	5¢ per hour general increase; escalator clause Deferred increase: 6¢ per hour effective 2nd and 3rd year	Added: 8th holiday (Friday after Thanksgiving); 4 weeks' vacation after 25 years this year and 3 weeks after 10 years in 1962; company now pays ½ cost of Blue Cross-Blue Shield insur- ance; 3 days' paid funeral leave Revised: Life insurance; pension plan
Minnesota Mining & Mfg. Co. with <i>Glass & Ceramic Workers</i> in Bristol, Pa. 425 hourly Retroactive to 5-11-59. Wage reopening Contract expires 5-8-61	6½¢ per hour general increase for production employees, 8¢ per hour for mechanical	No change
NONDURABLE MANUFACTURING		
Chemicals		
Hooker Chemical Co. with <i>Dist. 50, UMW, ind.</i> in Niagara Falls, N. Y. 86 hourly Effective 6-7-60. Contract expired New contract: 2 years. Wage reopening 6-6-61	8¢ per hour general increase, plus 3¢ adjustment for maintenance men, truck-drivers, and bull- dozer operators; 75¢ (was 50¢) per hour Sun- day work premium this year, going to \$1 in 1961	Revised: Surgical, life insurance; and pension plan
Rohm & Haas Company with <i>Oil, Chemical and Atomic Workers</i> in Houston, Texas. 600 hourly Effective 5-30-60. (Signed 6-17-60.) Wage re- opening	12¢ per hour general increase; additional classifi- cation adjustments ranging from 5¢ to 8¢ per hour	Revised: Minor improvements in welfare and insurance plans
The Sherwin-Williams Co. with <i>District 50, UMW, ind.</i> in Cleveland and North Olmsted, Ohio. 425 hourly Effective 7-2-60. Wage reopener Contract expires 7-1-61	3.5% general increase (8¢ per hour minimum); 15¢ per hour increase in starting rates	Added: Severance pay provisions Revised: Increased company contribution to group health insurance
U.S. Borax & Chemical Corp.; Potash Company of America; International Minerals & Chemical Corp.; National Potash Co.; Southwest Potash Corp.; and Duval Sulphur & Potash Co. with <i>AM, Stone Workers, Boilermakers, and Operating Engineers</i> , all in Carlsbad, New Mex. 3,000 hourly Effective 6-1-60. Contracts expired New contracts: 2 years	8¢ per hour general increase; production bonus converted into base rates; shift premiums in- creased from 4¢ and 8¢ to 6¢ and 12¢ Deferred increase: 9¢ per hour, 6-1-61	Added: Funeral leave pay; an additional vaca- tion day for each year of service between 10 and 15 years Revised: Nonoccupational disability benefits
Food and Food Products		
Anheuser-Busch Inc. with <i>Teamsters, ind.</i> in Tampa, Fla. 150 hourly Retroactive to 12-23-59. (Signed 5-24-60.) First contract Contract expires 1-31-63. Wage reopening 11-15-61	39¢ per hour general increase; new rates of \$104 per week for bottlers, \$108 for brewers, \$130 for maintenance employees Deferred increase: 15¢ per hour, 11-60	Added: 8th paid holiday; 2 weeks' vacation after 2 years Revised: Health and welfare program
Colorado Milling & Elevator Co. with <i>Grain Millers</i> in Colorado, Kansas, Nebraska, Missouri, Illinois, Oklahoma, Idaho & Utah. approximately 1,100 hourly Effective 7-9-60. Contract expired New contract: 3 years. Wage reopening 2nd and 3rd year	9¢ per hour general increase; 10% increase in vacation pay; shift differentials increased 2¢ to 10¢ and 12¢	Added: Severance pay plan Revised: Group hospital, medical and surgical benefits
Food Employers, Inc. with <i>Food & Drug Clerks</i> in Portland, Ore. 2,000 hourly Retroactive to 5-1-60. (Signed 6-23-60.) Con- tract expired New contract: 2 years	\$4 per week general increase for clerks, \$5 per week for head grocery clerks, produce depart- ment heads, and delicatessen girls; new rates of \$1.60 per hour starting rate for grocery clerks, \$2.46¼ for head grocery clerks and produce department heads Deferred increase: 2¢ per hour conditional in- crease effective 1-1-61; \$4 per week effective 5-1-61	Added: 2¢ increase of 1-1-61 to be used for paid sick-leave plan if employees decide they want the increased sick leave pay in lieu of a pay increase Revised: Employer contributions for health & welfare increased to \$12.50 per month, effec- tive 7-1-60 and to \$13 per month effective 5-1-61

Significant Pay Settlements—Continued

Company, Union ¹ and Duration of Contract	Pay Adjustments	Fringe Adjustments
Hershey Chocolate Corporation with <i>American Bakery Workers</i> in Hershey, Pa. 2,900 hourly Effective 7-1-60 (Group insurance benefits only. Wages not at issue)	No change	Added: Physicians' attendance plan providing \$3 for office visits, \$4 for hospital visits and \$5 elsewhere Revised: Maximum life insurance now \$5,500; \$50 per week maximum s & a benefits, and \$192.50 maximum monthly retirement bene- fits; revised provisions for retiree's dependents
Newark Bakery Employers Labor Council, Gen- eral Baking Co., Ward Baking Co., American Bakeries Co., and Drake Bakeries Inc. with <i>American Bakery Workers</i> in Newark, N. J. 1,000 hourly Retroactive to 5-1-60. (Signed 6-60.) Contracts expired New contracts: 2 years	12¢ per hour general increase retroactive to 5-1-60, plus classification adjustments Deferred increase: 10¢ per hour effective 5-1-61	Added: 3 weeks' paid vacation after 5 years, effective 1-1-61; night premium pay to be in- cluded in vacation pay starting 1-1-61 Revised: Additional employer contribution to welfare fund, effective 1-1-61; funeral leave provisions
Schlitz Brewing Co. with <i>Brewery Workers</i> in Kansas City, Mo. 116 hourly Retroactive to 5-1-60. Contract expired New contract: 2 years	10¢ per hour general increase Deferred increase: 10¢ per hour 2nd year	Added: 3 weeks' vacation after 5 years, 4 weeks after 9 years; 10th holiday; supplemental jury pay; \$2.40 per month per year of service pen- sion benefit, 30-year maximum; \$30 minimum pension for employees not having required years of service; \$500 life insurance for retirees Revised: Life insurance; sickness & accident benefits; funeral leave provision
Southern Bakery with <i>American Bakery Workers</i> in Daytona Beach, Fla. 130 hourly Retroactive to 1-31-60. (Signed 6-10-60.) Con- tract expired New contract: 2 years	8¢ per hour general increase, retroactive to 2-1- 60; add'l 2¢ per hour, retroactive to 6-12-60 Deferred increase: 5¢ per hour 2-1-61; add'l 3¢ per hour 11-1-61	Added: 3 days' paid funeral leave
and with <i>American Bakery Workers</i> in Orlando, Fla. 30 hourly Effective 3-1-60. (Signed 6-10-60.) Contract expired New contract: 2 years	8¢ per hour general increase retroactive to 3-1-60 Deferred increase: 2¢ per hour plus 5¢ increase in shift differential effective 11-11-60; add'l 7¢ per hour, 3-1-61	Same as above
Paper Products		
Bird & Son with <i>Papermakers & Paperworkers</i> in Massachusetts and Rhode Island. 1,127 hourly Retroactive to 5-18-60. Contract expired New contract: 2 years	4½¢ per hour general increase Deferred increase: 5¢ per hour additional classi- fication adjustments effective next year	Revised: Pension benefits; insurance benefits
Menasha Wooden Ware Co., Ostego Falls Paper Div., with <i>Papermakers & Paperworkers</i> in Ostego, Mich. 80 hourly Effective 6-1-60. Contract expired New contract: 1 year	9¢ per hour general increase; 7¢ and 14¢ (were 6¢ and 12¢) per hour shift differentials	No change
Weyerhaeuser Co., Boxboard & Folding Carton Div., with <i>Papermakers & Paperworkers</i> in Middlebury, Ind. 108 hourly Retroactive to 5-16-60. Contract expired New contract: 2 years	3% general increase; several classification ad- justments Deferred increase: 3½% effective 2nd year	Revised: Pension & insurance benefits; vacation eligibility
NONMANUFACTURING		
Communications		
Bell Telephone Co. with <i>Telephone Workers of Pa., ind.</i> at various loca- tions in Pennsylvania. 2,000 accounting depart- ment employees Effective 7-8-60. Contract expired New contract: 3 years. Wage reopening in 1961 and 1962	\$2 to \$3 per week general increase	Added: Major medical expense plan to go into effect by 11-1-60; 4th week vacation after 25 years Revised: Increased life insurance; new minimum pensions

Significant Pay Settlements—Continued

Company, Union ¹ and Duration of Contract	Pay Adjustments	Fringe Adjustments
Michigan Bell Telephone Co. with <i>Communications Workers</i> in Michigan. 16,800 hourly Effective 6-6-60. Contract expired New contract: 3 years, wage reopenings in 1961 and 1962	\$1.50 to \$4.50 per week general wage increase	Added: Company-paid extraordinary medical expense plan Revised: Group life insurance plan; minimum pensions
Ohio Bell Telephone Co. with <i>Communications Workers</i> in Ohio. 17,000 hourly Retroactive to 5-29-60. Contract expired New contract: 3 years. 2 wage reopenings over contract term	\$2 to \$4.50 per week general increase	Added: Extraordinary medical expense program; 4 weeks' vacation after 25 years, effective 1-1-61 Revised: Group life insurance; pensions
Toledo Edison Co. with <i>Office Employees</i> in Toledo, Ohio. 329 clerical and drafting employees Effective 6-6-60. Contract expired New contract expires 5-31-61	4% general increase; new biweekly rate range from \$129.60 to \$291.20	Added: 8th paid holiday ("floating")
Western Union Telegraph Co. with <i>Commercial Telegraphers and American Communication Assn., ind.</i> Nationwide. 25,000 hourly Effective 6-1-60. Contract expired New contract: 2 years	10¢ per hour general increase for all except bicycle and walking messengers, who get 5¢ Deferred increase: 5¢ per hour effective 1-1-61	Added: Company-paid hospital-surgical plan; 4 weeks' vacation after 25 years Revised: Group life insurance increased from \$2,000 to \$3,000 (½ company paid). Effective 1-1-61 life insurance to be noncontributory for employees with 5 or more years' service
Transportation		
Pacific Maritime Assn. with <i>ILWU, ind.</i> on West Coast. 16,000 hourly Effective 6-13-60. Reopening on wages, hours, and mechanization fund; next reopening 6-15-61 Contract expires 6-15-62	8¢ per hour general increase for stevedores, 9¢ per hour for ship clerks (plus 1½¢ negotiated last year)	Mechanization fund in process of negotiation
Pan American World Airways with <i>Railway Clerks</i> at various locations. 5,000 clerical employees and ticket agents Retroactive to 1-1-60. (Signed 7-2-60.) Contract reopening	12¢ per hour general increase, retroactive to 1-1-60; longevity pay effective 7-1-60 ranging from 1¢ per hour for employees in 4th year of employment to 10¢ in 13th year (increasing 1¢ per year); 4 hours (was 2 hours, 40 minutes) recall time guaranteed where not continuous with regular shift; night shift differential increased to 17¢; upgrading of job classifications for 1,600 employees Deferred increase: 3¢ per hour effective 7-1-60; 13¢ per hour effective 1-1-61; 10¢ per hour effective 1-1-62	Revised: Severance pay plan
Railroads represented by the Eastern, Western, and Southeastern Carriers' Conference Committees with <i>Conductors & Brakemen.</i> Nationwide. 17,000 hourly and incentive Effective 7-1-60. Open-end contract subject to change per Railway Labor Act. Moratorium expired 11-1-59 Next moratorium expires 11-1-61	2% (5.146¢ per hour average) general increase (old rates \$2.43 to \$5.90 per hour); 17¢ per hour existing cost-of-living bonus incorporated into base rates; escalator clause discontinued Deferred increase: Additional 2% effective 3-1-61	No change
and with <i>Brotherhood of Railroad Trainmen.</i> 107,000 hourly Effective 7-1-60. Open-end contract as above	2% general increase; 17¢ cost-of-living allowance incorporated into base rates; escalator provisions eliminated	No change
Other Nonmanufacturing		
Distributors Assn. and San Francisco Employers Council with <i>Teamsters, ind.</i> and <i>ILWU, ind.</i> in San Francisco, Calif. 9,000 hourly Effective 6-1-60. Reopener Contract expires 5-31-61	21¢ per hour increase in contract minimum for male employees with same increase for female employees hired prior to 6-1-60. Female employees hired after 6-1-60 receive 10.5¢ an hour after 6 months and add'l 10.5¢ after a year	No change

Significant Pay Settlements—Continued

Company, Union ¹ and Duration of Contract	Pay Adjustments	Fringe Adjustments
Northwestern Mutual Life Insurance Co. with <i>Associated Unions of America, ind.</i> in Milwaukee, Wis. 4,500 clerical and maintenance Retroactive to 5-1-60. Contract expired New contract: 1 year	6.2¢ per hour general increase to 1,254 employees	Revised: Pension plan
Public Service Electric and Gas Company with <i>IBEW</i> in 9 N. J. counties, 5,200 hourly Retroactive to 5-2-60. Contract expired 5-1-60 New contract: 1 year	4.777% general increase (13.3¢ per hour average)	Revised: Effective 10-1-60, company's contribu- tion toward hospitalization for employees in- creases from \$2 to \$2.50 per month
and with <i>Office Employees International Union</i> in 6 N. J. counties, 365 salaried Retroactive to 5-2-60. Contract expired 5-1-60 New contract: 1 year	4.777% general increase (11.8¢ per hour average)	Revised: Same as for hourly employees show above

¹ All unions are affiliated with the AFL-CIO unless otherwise indicated.

(Continued from page 34)

offer special unemployment protection against layoffs, due to lack of work, that extend beyond four weeks. The extended layoff benefit is a lump-sum payment that amounts to \$50 for each year of service up to a maximum of \$500. It is intended as a supplement to state unemployment compensation. The benefit is paid for entirely by a company contribution of \$5.20 per month per employee in the bargaining unit up to \$100 per person. Subsequent contributions are made only as required to maintain this level. If the amount in the extended layoff benefit fund is insufficient to provide for the maximum payment, payment is made on a pro-rated basis.

Laid-off employees, with more than 10 years' service, who are recalled within two years, will be eligible, in the event of a future layoff, to receive an extended layoff benefit, based upon the service from their most recent rehire plus any previously accumulated unused service.

The IAM contracts include a terminal benefit, also paid for solely by the company, of \$5 per month for service after July 1, 1960. The benefit will be paid if the employee is terminated because of layoff, death, retirement, or permanent and total disability.

An additional feature of these contracts permits employees to participate in a savings plan to which they may contribute \$5 per month by payroll deduction. After six months of employee contributions have been made, the company will contribute \$2.50 per month to each employee's savings account.

Other changes in the new Douglas agreements include a revised escalator clause, with 4 cents of the cost-of-living increase earned under the old agreement converted into base rates. While no general wage increase is granted the first year, a number of job adjustments bring immediate increases to employees in specific classifications. During the second year, wages are upped 7 cents an hour across the board. The Douglas-IAM contract also grants a 55-cent hourly increase the first year to top factory,

office and technical employees at all field test bases.

The revised pension plan increases normal retirement benefits from \$1.75 to \$2 per month per year of service. The number of years of service on which the minimum pension is calculated has been raised from thirty to thirty-five.

Employees with at least ten years' service who are permanently and totally disabled after reaching age 45 are eligible for special disability benefits under the revised pension program. Total and permanent disability payments amount to \$5 per month per year of service, but not less than \$70 per month. But this benefit applies *only* during the period the employee is *not* eligible for Social Security disability benefits (which are now available at age 50). After the employee receives Social Security disability benefits, he will get a normal retirement benefit from the company, computed as of the date he became eligible for the company-provided disability benefit.

A revised comprehensive health insurance plan, effective August 1, 1960, with a maximum benefit of \$7,500 per injury or illness, includes the following improvements:

- The elimination of the deductible and coinsurance features as applied to surgical, anesthetist, doctor, and hospital charges, as well as for radiotherapy and radioactive isotope treatment for malignancies.
- Substitution of a per illness or injury concept rather than the previous requirement of twenty-four hours of "total disablement" to initiate a claim.
- Extension of insurance coverage to the end of the month for laid-off employees and their covered dependents.

The company continues to pay the full cost for employee coverage, but dependent coverage is paid for by the employee.

N. BEATRICE WORTHY
Division of Personnel Administration

Studies in Personnel Policy

- No. 175—Forms and Records in Personnel Administration
- No. 174—Severance Pay Patterns in Manufacturing
- No. 173—Compensation of Top Executives
- No. 172—Preparation for Collective Bargaining
- No. 171—Company Medical and Health Programs (Revised)
- No. 170—Automobile Allowances for Sales Personnel
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- No. 168—Charting the Company Organization Structure
- No. 167—Clerical Salaries in Eighteen Cities
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- No. 164—Clerical Salaries in Twenty Cities
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- No. 149—Pension Plans and Their Administration
- No. 148—Retirement of Employees—Policies, Procedures and Practices
- No. 147—Company Health Programs for Executives
- No. 146—Company-Paid Sick Leave and Supplements to Workmen's Compensation
- No. 145—Personnel Practices in Factory and Office

In the September Business Record

Consumer Buying Plans: A Change of Mood?—The second quarter of 1960 witnessed a drop in most consumer buying plans compared with both the previous and year-earlier quarters. However, plans to purchase new automobiles rose, reaching their highest level since the start of the consumer survey. This report, the eighth in the Board's continuing series under the sponsorship of "Newsweek," examines consumer buying intentions for the second quarter and analyzes the relationship between buying plans and actual consumer outlays for six test periods in 1958 and 1959.

Farm Employment: International Comparisons—A declining number of farm workers, coupled with a rising agricultural output, has been the experience of most highly developed nations. This brief review compares farm employment trends and relates them to over-all economic progress in selected countries throughout the world.

Intercity Differences in Housing Costs—Because information on differences in living costs among areas is so limited and often so expensive to obtain, this article proposes a new method of estimating intercity variations based on differences in housing costs. The author explains the development of relative housing-cost indexes, drawing on figures from the Census of Housing of 1950 and the National Housing Inventory of 1956. Indexes for comparisons at particular income levels are also presented.

Business Highlights: The Autumn Environment—A review of standard economic indicators of the business trend yields "a perplexing neutrality" as autumn approaches. Both optimists and pessimists seem able to marshal significant arguments in support of their forecasts for the next few months. The Board's analyst discusses these divergent viewpoints and examines three widely held hypotheses about the current business cycle: first, that a peak is close at hand or has already occurred; second, that something like a "rolling readjustment" is now in process; and third, that business as a whole has entered a "new, inflationless environment in which price expectations are neutralized and the business cycle is considerably dampened."



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